

Purchasing Week

MCGRAW-HILL'S NATIONAL NEWSPAPER OF PURCHASING

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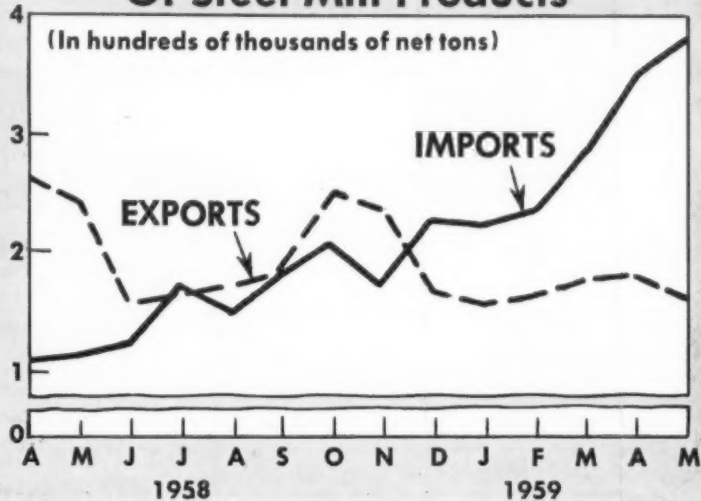
New York, N. Y., August 3, 1959

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\$6 A YEAR U.S. AND CANADA \$25 A YEAR FOREIGN

Imports vs. Exports Of Steel Mill Products

(In hundreds of thousands of net tons)



Source: American Iron and Steel Institute

Steel Import Brokers and Speculators Searching for Iron-Willed Buyers

New York—Import brokers and speculators are searching for steel-hungry purchasing agents. Their wares consist of consignments from the flood of steel imports that have broken all records in the past six months (see chart above).

Offers to sell "spot" lots of steel right out of the holds of the ships that brought it to port were

reported with increasing frequency last week. The price includes speculators' commissions of \$3 to \$5 a ton.

The case of a purchasing agent for a Southern producer of electrical equipment appeared typical: His phone rang frequently last week with calls from brokers and "even a few characters who

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Steel Industry Hold-the-Line Policy Raises Hope For Tiny Wage Boost Settlement; Aluminum Waits

New York—U.S. Steel Corp. issued a significant price-wage policy declaration last week that reiterated the industry's hold-the-line-position on wages and prices.

The statement, nevertheless, touched off some speculation that the industry leader might be willing to settle the strike with a limited wage boost and at least a temporary hold-off on price increases.

The statement, issued by Chairman Roger M. Blough along with a corporation report of record six-month earnings, stressed these points:

- A U.S. Steel pledge not to raise the general level of prices "in the foreseeable future" whatever the length of the current strike and whatever the outcome of the negotiations—"so long as the negotiations are voluntary."
- The no-price-increase policy

holds only so long as a strike settlement is not dictated by a "public body or authority." In other words—no trespassing by the

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We'll Take Shutdown, Not Steel Substitutes, Purchasing Agents Say

New York—"If we run out of steel, we quit."

That comment by a purchasing agent for an appliance maker sums up the feelings of most purchasing executives queried by PURCHASING WEEK on possible substitutes for strike-bound steel.

Bolstered by as much as 90-day stocks, most steel users show little interest in seeking substitutes. Many companies are heavily inventoried in finished

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Short-Term Loan Borrowing Costs Heading Up Again

New York—Banks are warning businessmen that the cost of borrowing money, especially for short term needs such as inventories, will go up again this fall.

In addition to all the other demand factors in the current "tight money" situation, bankers said last week they are watching the steel strike closely for an indication of how much and how soon they will have to boost interest rates.

Rates on short-term loans are expected to firm up at between 5-6% (they already are that high in some areas) for even top-rated prime borrowers. The going will be even tougher for less choice lending risks.

Demand for cash—stemming from inventory accumulation and plant expansion projects—has been sky-high, pushing money prices toward 30-year peaks. But loan officers throughout the country, in discussions with PURCHASING WEEK reporters, were inclined to de-emphasize the phrase—"tight money."

The cash is there for "qualified" borrowers, especially on

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U.S.-Canada Trade

A growing number of commodity and price trends now carry a "made in Canada" label. And there soon may be a lot more. That's one of the major findings in P.W.'s special August roundtable on changing U. S.-Canadian economic patterns. You won't want to miss next week's discussion, which touches on such key areas as lead, zinc, aluminum, the St. Lawrence Seaway, and a common market.

Congress Facing Labor Showdown

Washington—The 86th Congress—its first session fast fading—appears headed for a final showdown in one of the most bitter of political brawls: labor reform legislation.

Other unfinished business—foreign aid appropriations, housing, treasury credit, and interest rate problems—also threatens to unhinge the legislators.

As has been customary with Congress at this stage, much depends upon a frantic late rush to "get something done."

On the question of inflation, Congress still remains baffled—much as it was last January when

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Coming: Big Rise In Air Freight's Cargo Shipments

New York—Purchasing agents will designate "shipment by air freight" for more industrial goods this year than ever before.

Air freight operators are convinced it's the beginning of a jet-propelled cargo boom that will see the fledgling industry boost its 1958 volume by 20% to 30%, double it in the next four years.

(The nation's biggest all-cargo airline—the Flying Tiger Line—last week reported a 6-month gain of nearly 36% over the same period last year.)

Coming next: The story of spectacular improvements in air freight ground loading techniques. Read it in the August 10 issue.

Airlines claim a shift in traditional transportation concepts already is apparent in industry's efforts to cut inventory and reduce total distribution costs with the aid of air shipment.

The 1957-'58 recession and its emphasis on inventory-cutting gave this policy a significant boost.

And air freighters expect their industry zoom to accelerate even

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Meddlesome Russian Bear Stalks World Commodity Markets—Why?

Washington—A select group of U. S. officials has told PURCHASING WEEK:

- A wily, resourceful Russian bear is prowling world commodity markets.

- He'll be prowling indefinitely.

- It's time that American business and government people wake up to the threat.

That is the nub of this special report on world commodity markets.

The Soviet performance in

commodity activities over the past two years is a performance of surprise, craftiness, and patience. For it is in the commodity markets that Russian raw materials can have their most potent effect—quickly and at low cost.

When the Soviets storm a market, their buying or selling has an effect way out of proportion to the amount of trading

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August 3-9

Purchasing Perspective

TIGHT MONEY
GETTING TIGHTER

Forget about steel for a moment.

There's another commodity with major supply and rising price problems that affect as many—if not more,—people and industries as does basic steel production.

It's not listed among the various prices and commodity indices on p. 2 of this newspaper. In fact, it is not always mentioned in many of the various popular rundowns of economic indicators. But it figures in every decision—big and little—affecting the course of the nation's economy and financial future.

The commodity, of course, is money. Its price is interest. And the state of its supply is what has bankers and congressmen locked in almost daily debate these days down in Washington.

Although interest rates have been on a steady rise since last year, few consumers have included it in their complaints about rising costs. Bankers who told PURCHASING WEEK reporters last week that prime interest rates for top drawer business borrowers

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P.W. Barometer Slacks a Bit as . . .

Summer Slump Takes the Bang out of Boom

New York—Summer is giving the economy a temporary breather.

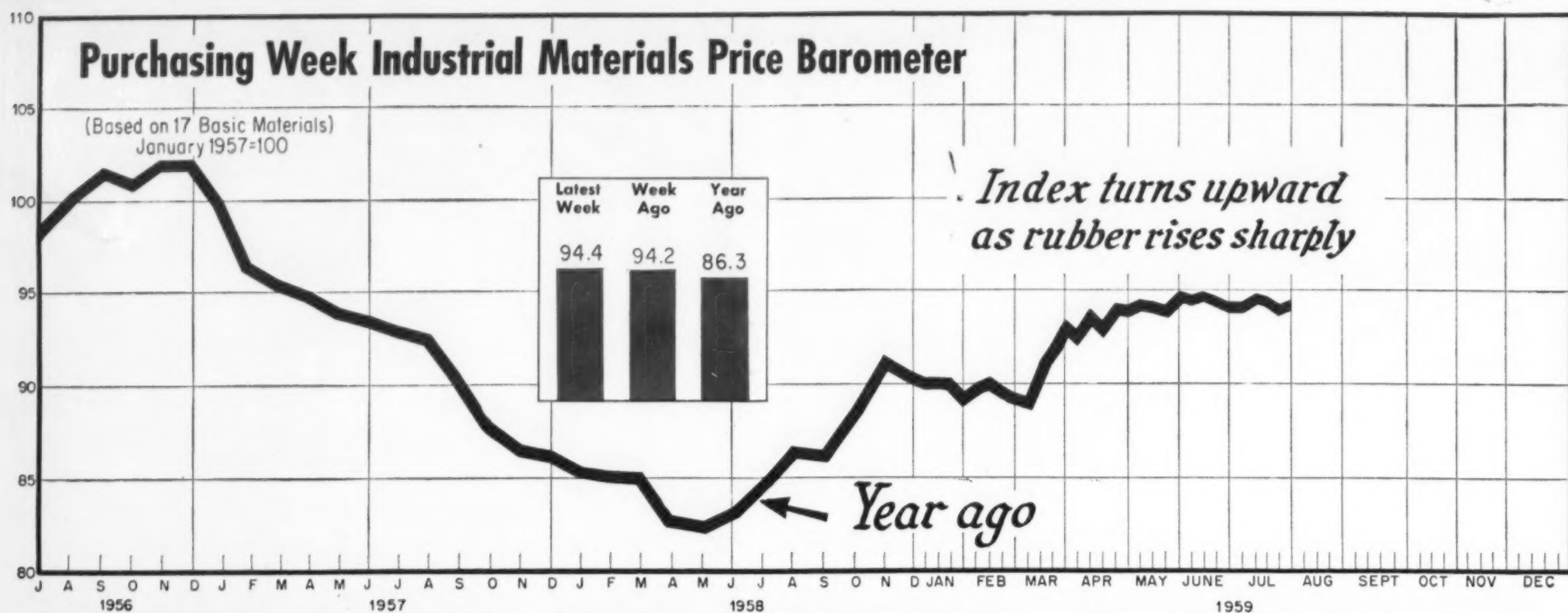
Vacation shutdowns, plus the prospects of some spot shortages if labor troubles persist, will put a temporary brake on recent sharp production jumps.

That's the picture revealed by PURCHASING WEEK's regular quarterly review of leading business barometers. These sensitive indicators now point to steady or "good" business rather than the "excellent" reported here three months ago.

It means the record June industrial output index of 165 (1947-49 = 100) will probably stand until September. This index, recently revised

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This index was designed by the McGraw-Hill Department of Economics to serve as an overall sensitive barometer of movements in industrial raw

material prices. The index is not intended to give price movements of specific commodities. The items used are important only in that, together, they re-

fect the current general market trend in sensitive industrials. Weekly prices for most of the items covered are published in "Commodity Prices" below.

This Week's Commodity Prices

METALS

	July 29	July 22	Year Ago	% Yrly Change
Pig iron, Bessemer, Pitts., gross ton	67.00	67.00	67.00	0
Pig iron, basic, valley, gross ton	66.00	66.00	66.00	0
Steel, billets, Pitts., net ton	80.00	80.00	77.50	+ 3.2
Steel, structural shapes, Pitts., cwt	5.50	5.50	5.275	+ 4.3
Steel, structural shapes, Los Angeles, cwt	6.20	6.20	5.975	+ 3.8
Steel, bars, del., Phila., cwt	5.975	5.975	5.725	+ 4.4
Steel, bars, Pitts., cwt	5.675	5.675	5.425	+ 4.6
Steel, plates, Chicago, cwt	5.30	5.30	5.10	+ 3.9
Steel scrap, #1 heavy, del. Pitts., gross ton	40.00	40.00	37.50	+ 6.7
Steel scrap, #1 heavy, del. Cleve., gross ton	38.00	38.00	38.50	- 1.3
Steel scrap, #1 heavy, del. Chicago, gross ton	36.00	36.00	40.50	-11.1
Aluminum, pig, lb	.247	.247	.24	+ 2.9
Secondary aluminum, #380 lb	.238	.239	.213	+11.7
Copper, electrolytic, wire bars, refinery, lb	.296	.296	.261	+13.4
Copper scrap, #2, smelters price, lb	.24	.238	.215	+11.6
Lead, common, N.Y., lb	.12	.12	.11	+ 9.1
Nickel, electrolytic, producers, lb	.74	.74	.74	0
Nickel, electrolytic, dealers, lb	.74	.74	.74	0
Tin, Straits, N.Y., lb	1.018	1.023	.956	+ 6.5
Zinc, Prime West, East St. Louis, lb	.11	.11	.10	+10.0

FUELS

	July 29	July 22	Year Ago	% Yrly Change
Fuel oil #6 or Bunker C, Gulf, bbl	2.00	2.00	2.25	-11.1
Fuel oil #6 or Bunker C, N.Y. barge, bbl	2.37	2.37	2.57	- 7.8
Heavy fuel, PS 400, Los Angeles, rack, bbl	2.15	2.15	2.50	-14.0
LP-Gas, Propane, Okla. tank cars, gal	.04	.04	.04	0
Gasoline, 91 oct. reg. Chicago, tank car, gal	.115	.115	.125	- 8.0
Gasoline, 84 oct. reg. Los Angeles, rack, gal	.11	.12	.115	- 4.4
Coal, bituminous, slack, ton	5.25	5.25	5.75	- 8.7
Coke, Connellsville, furnace, ton	15.00	15.00	15.25	- 1.6

CHEMICALS

	July 29	July 22	Year Ago	% Yrly Change
Ammonia, anhydrous, refrigeration, tanks, ton	90.50	90.50	90.50	0
Benzene, petroleum, tanks, Houston, gal	.31	.31	.31	0
Caustic soda, 76% solid, drums, carlots, cwt	4.80	4.80	4.80	0
Coconut, oil, inedible, crude, tanks, N.Y. lb	.185	.193	.151	+22.5
Glycerine, synthetic, tanks, lb	.278	.278	.278	0
Linseed oil, raw, in drums, carlots, lb	.16	.16	.173	- 7.5
Phthalic anhydride, tanks, lb	.165	.165	.205	-19.5
Polyethylene resin, high pressure molding, carlots, lb	.35	.35	.325	+ 7.7
Rosin, W.G. grade, carlots, f.o.b. N.Y. cwt	9.85	9.85	9.70	+ 1.5
Shellac, T.N., N.Y. lb	.30	.30	.31	- 3.2
Soda ash, 58%, light, carlots, cwt	1.55	1.55	1.55	0
Sulfur, crude, bulk, long ton	23.50	23.50	23.50	0
Sulfuric acid, 66% commercial, tanks, ton	22.35	22.35	22.35	0
Tallow, inedible, fancy, tank cars, N.Y. lb	.065	.067	.086	-24.4
Titanium dioxide, anatase, reg. carlots, lb	.255	.255	.255	0

PAPER

	July 29	July 22	Year Ago	% Yrly Change
Book paper, A grade, Eng finish, Untrimmed, carlots, CWT	17.20	17.20	17.00	+ 1.2
Bond paper, #1 sulfite, water marked 20 lb, carton lots, CWT	25.20	25.20	24.20	+ 4.1
Chipboard, del. N.Y., carlots, ton	95.00	95.00	100.0	- 5.0
Wrapping paper, std. Kraft, basis wt. 50 lb rolls	9.00	9.00	9.00	0
Gummed sealing tape, #2, 60 lb basis, 600 ft bundle	6.30	6.30	6.40	- 1.6
Old corrugated boxes, dealers, Chicago, ton	21.00	21.00	19.00	+10.5

BUILDING MATERIALS

	July 29	July 22	Year Ago	% Yrly Change
Brick, del. N.Y., 1000	41.25	41.25	41.25	0
* Cement, Portland, bulk, del. N.Y., bbl	4.18	4.18	4.26	- 1.9
Glass, window, single B, 40" bracket, box, fob N.Y.	7.90	7.90	7.00	+12.9
Southern pine lumber, 2x4, s4s, trucklots, fob N.Y., mftbm	129.00	129.00	120.00	+ 7.5
Douglas fir lumber, 2x4, s4s, carlots, fob Chicago, mftbm	145.00	144.00	122.00	+18.9

TEXTILES

	July 29	July 22	Year Ago	% Yrly Change
Burlap, 10 oz, 40", N.Y. yd	.10	.10	.108	- 7.4
Cotton, middling, 1", N.Y., lb	.338	.344	.365	- 7.4
Printcloth, 39", 80x80, N.Y., spot, yd	.195	.195	.177	+10.2
Rayon twill, 40 1/2", 92 x 62, yd., N.Y.	.26	.26	.23	+13.0
Wool tops, N.Y. lb	1.70	1.685	1.59	+ 6.9

HIDES AND RUBBER

	July 29	July 22	Year Ago	% Yrly Change
Hides, cow, light native, packers, Chicago, lb.	.29	.29	.16	+81.3
Rubber, #1 std ribbed smoked sheets, N. Y., lb	.365	.355	.28	-30.4

* Price is now quoted without dealer's commission

This Week's

Price Perspective

AUGUST 3-9

Stability of sensitive commodity prices is no fluke.

It has its roots in at least three different factors.

First, there's the usual summer slowdown emphasized by vacations and production cutbacks. Demand for most materials always tends to slack off in July and August with a resultant easing of prices.

The second factor is the steel strike. This has been acting as a kind of additional price depressant. To the extent it is hurting employment and business activity, it lowers demand for other commodities. It also tends to put a psychological damper on quotes.

Finally, there are capacity considerations. Production facilities both here and abroad have been more than sufficient to meet increased business needs up to this point.

But don't expect stability to continue indefinitely. Current "irregular sideways" price movements will end by fall.

A firmer trend by autumn will primarily be due to changes in the same three factors now holding prices down.

Fall always means resumption of normal production schedules. And this in turn usually means increased commodity purchases and strengthening price tags.

On the labor front, the situation will be a lot clearer too. Once the steel strike is over, the upward push of the whole economy may pull sensitive commodity quotes along with it.

Wage boosts will add to the upward pull.

The capacity factor may also put tags under some strain. A sharp autumn recovery—spurred on by possible makeup of strike-induced losses—could put output of many commodities close to capacity levels.

When demand is close to capacity, you can almost bet on buoyant prices.

History bears out this expected price pattern: summer easiness followed by autumn uptrend.

Just look at the summer and fall of 1956—the year most comparable to the current situation. Then, as now, we had a long steel strike and we were in the midst of a general business uptrend.

At that time, summer tags hit a low point in July—during the strike (see barometer above). But they rebounded by more than 4% by mid-autumn.

This rise was particularly significant—for 1956 prices were already quite inflated from the 1954-'55 price push.

If we apply the same formula (a 4% rise) to the current period, PURCHASING WEEK'S industrial materials barometer would reach about 90 (Jan. 1957 = 100) by November.

But don't look for across-the-board rises.

That's because the current upswing is still selective—not everything will be moving up at the same rate.

Moreover, supply conditions will vary. While aluminum, steel, and a lot of other items may be close to capacity, a few, like lead, zinc, and copper will still be in ample supply.

Overseas markets will also play a role in determining how specific prices move. Speculative movements on the London Metal Exchange, for example, could have a strong influence on domestic nonferrous metal tags.

What the Reds do in the way of buying and selling aluminum, tin, wool, rubber, and oil (see page 1 for outlook) could also exert a long and powerful influence.

Short-Term Loan Costs to Go up Again in Fall

(Continued from page 1)
short-term propositions, they said. But bullish horns draw in on the more risky deals. Loan hurdles are higher on the longer-term contracts.

Factors involved in the current so-called "tight money" picture include:

- The current pace and outlook for general business activity.

- Anti-inflationary activities of the Federal Reserve Board.

- Washington politics, the federal budget, and national debt financing (whether to raise the interest ceiling on long-term treasury borrowing).

- The steel strike.

The strike figures strongly because an extended walkout will tend to take the pressure off many short-term inventory and similar short-term demands—at least temporarily.

The size of the ultimate settlement also is a factor worrying many bankers, including several top officials who suggest the industry might be able to forego a price increase while granting a "reasonable" wage settlement of around 2% (7-10¢ an hr.). Anything beyond that 2% range would certainly provoke even more vigorous tightening of the money supply by the Federal Reserve Board and drive interest rates up still further, one New York banker said.

While admitting money is tight and getting tighter around the country, bankers described the situation as somewhat "overdrawn."

"Sure the cost of money has gone up," one Chicago banking executive said. "But money is available for nearly everybody, and borrowers are not discouraged."

But all bank sources—in Dallas, Pittsburgh, Atlanta, San Francisco, St. Louis, and other major industrial centers—stressed they are getting tougher, and would-be borrowers without top credit ratings are getting a thorough once-over.

Borrowers who come seeking cash for deals involving more than the usual amount of speculation and risk are getting frequent turndowns.

"There's no particular credit squeeze as far as getting money for inventory and capital equipment planning is concerned," a spokesman for Security First National Bank in Los Angeles said.

A spot check on current short-term rates showed lending funds tightest in the Southwest where most short-term borrowers already are paying a 5-6% rate.

In Denver, the situation was described as "definitely tight." But Neil F. Roberts, executive vice president of the city's largest bank, the U. S. National, said the situation was not necessarily unique and he insisted, "No legitimate borrower is being refused solely because of tight money." In Denver, small and middle-size business borrowers are paying up to 6%, depending on the length of the loan, and, Roberts warned:

"If the prime rate moves up for the big borrower, the smaller borrower is going to be spilling over the 6% limit pretty soon."

Dr. Arthur A. Smith, vice

president of the First National Bank in Dallas also insisted, "To our knowledge, no sound credit risk is being turned down here for short-term loans. Money costs more, but it is available."

Smith said his bank expects even higher rates this fall but "we have our fingers crossed." Two factors that could change the outlook, he said, are:

- If the steel strike is prolonged, the economy will be affected and this will reduce business activity and demand for loans.

- If Congress removes the

4¼% limitation on treasury borrowing, the treasury will get out of the short-term money market. "This will reduce competition for short-term funds and money then will be more readily available for short-term loans."

Frank Carter, senior vice president at the same Texas bank, said he expects loan rates to stay firm at around 6% this fall but with plenty still available for legitimate short-term needs.

"Borrowing for plant expansion is a somewhat different picture," he said, "especially for companies that have a marginal

financial rating. Money for modernization is not being found as freely as some would like."

Along with rising interest rates, banks are now enforcing additional restrictions that frequently are relaxed during times of easier demand. These requirements—such as requiring a percentage of a loan to be kept on deposit—in effect, raise the total interest cost. In St. Louis, some borrowers learn they must keep as much as 25% stashed away.

Most bankers emphasized that despite rising interest rates, small business loans were still getting top consideration—a trend that has been going strong for a number of years.

A San Francisco firm of business consultants, John Paul Jones Associates, credited many small firm difficulties to "ignorance of money sources and banking procedures." The firm cited the case of a small electrical contractor in Central California who went into a virtual panic when it was unable to obtain a payroll loan.

But a different approach to the loan officer solved everything; the company balance sheet was reorganized, an agreement with a supplier was temporarily suspended, and a new appeal was made for a short-term revolving credit loan on a 60-day basis.

The firm got the needed cash—\$11,500—and that was that.

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Washington Perspective

AUGUST 3-9

Eisenhower's intervention in the steel strike is unlikely for the time being.

The President will stand on the sidelines and let management and labor slug it out. Labor Secretary Mitchell's fact-finding expedition turns up nothing that warrants intervention now (see p. 1.)

This is the official position—now. Eisenhower is letting time work—hoping that management and labor can settle their differences without requiring stronger federal action.

But the Administration has not yet felt the big pressures. Those will build up in the next three to six weeks.

Steel stocks will be getting down closer to the danger point. Imports won't be able to bridge the gap. Defense stocks will be threatened.

This will bring renewed clamor that the government do something. And the heat won't be coming only from the steel workers.

There are the steel users and secondary industries affected by the strike to take into consideration. **Should the steel users turn on the pressure for a settlement, regardless of cost, the government may be forced to take the big step: dictating a settlement.**

One thing is clear about any intervention: It would be on the side of the union—not management. Politics make this a certainty—there are more than half a million strikers but only a comparative few steel makers to take into consideration at the polls.

A government-arranged settlement would have to grant some wage raise to the union. Otherwise the Administration would be put in the politically impossible position of having backed management.

Steel owners know this. That's why U. S. Steel's Roger Blough and the others want the government to keep out.

If intervention comes, then the big question is: how much is a reasonable wage settlement? Administration economists are trying to hold down on speculation now for fear of influencing present negotiations.

A figure between 5 and 10¢ an hour is most often talked about. But some Administration aides feel 10¢ may be a little high, despite the record first half gains chalked up by U. S. Steel.

Here's their feeling: first, not an entire industry can match U. S. Steel's performance. There are a lot of smaller companies whose profit position is not as favorable.

Secondly, they feel a longer period of time must be taken into consideration—that the first half of 1959 was an unusual period when scare buying added a bulge in sales.

Purchasing implications are rife in the Federal Reserve Board's upward revision of the nation's industrial output over the past decade.

Production is now running at a 20% higher rate than the board has been estimating. New and up-to-date data in the index prompted this conclusion.

These data will have a direct bearing on three of the most controversial areas of national economic policy with something in it for everybody.

• Republicans now can contend that strong government action isn't needed to speed up the rate of economic growth—that under G.O.P. rule the economy has been expanding at annual rate of 3.8% a year, instead of at a 3.2% rate under the old calculations.

• Unions will contend that the inflationary impact of recent wage increases was exaggerated in the old figures. Higher output figures will mean higher estimates of output per manhour that can result in greater wage increases.

• Democrats can contend that with higher output figures, there is less pressure on prices and less justification for raised prices.

Weekly Production Records

	Latest Week	Week Ago	Year Ago
Steel ingot, thous tons	362	365*	1,561
Autos, units	124,921	127,502*	85,519
Trucks, units	26,358	27,111*	16,570
Crude runs, thous bbl, daily aver	8,042	7,946	7,517
Distillate fuel oil, thous bbl	11,907	12,701	11,760
Residual fuel oil, thous bbl	6,372	6,563	6,919
Gasoline, thous bbl	29,186	28,419	28,464
Petroleum refineries operating rate, %	82.8	81.9*	81.8
Container board, tons	167,754	146,182	136,234
Boxboard, tons	143,086	128,559	119,214
Paper operating rate, %	92.0	72.7*	86.1
Lumber, thous of board ft	228,555	199,101	224,251
Bituminous coal, daily aver thous tons	1,187	844*	1,252
Electric power, million kilowatt hours	13,577	13,415	12,319
Eng const awards, mil\$ Eng News-Rec	331.5	651.7	388.0

*Revised

Summer Breather—Only 6 Indicators Pointing Up

LEADING INDICATORS	WHAT THEY PREDICT	Current Outlook	Outlook 3 Mos. Ago
P.W. Price Barometer	Imminent changes in over-all demand.	→	↑
P.W. Overtime Hour Index	The urgency of meeting delivery schedules.	↑	→
Day's Supply	Future inventory policy and trends.	↑	↑
Ratio: New Orders/Sales	Trend in manufacturing backlogs and hence business activity.	↓	↑
Ratio: Stock/Orders	Effect of orders on production schedules.	↓	↑
Business Births	Opportunities available for new business.	→	↓
Business Failures	Relative health of business community.	↓	↑
Industrial Stock Prices	Wall St. appraisal of business outlook.	↑	↑
Plant & Equipment Spending	Future capital spending plans of the nation's businessmen.	↑	↑
Machine Tool Orders	Business feeling about future economic climate.	↑	↑
Construction Awards	Future over-all construction activity.	↑	↑
Housing Starts	Near-term residential building activity.	→	↑

Summer Slump Takes the Bang out of Boom

(Continued from page 1)
upwards, had been racking up smart month-to-month gains in the past few months.

In a way these gains prove the value of P.W.'s barometer analysis technique. Three months ago, in early May, our barometer showed that business would be excellent in the ensuing few months. And just now, reports are coming in to substantiate this P.W. forecast.

A closer look at the individual indicators (see table, p. 4) spotlights the reasons for the more modest outlook over the next month or so.

• Today only six out of the 12 indicators are pointing up. Three months ago, 10 out of the 12 were doing so.

• Most of the indicators pointing up are doing so at a very leisurely rate. They do not foretell any super boom just around the corner.

• Where three months ago only one indicator (business births) was pointing toward lower activity, today there are three.

Despite this relatively stable outlook, there are plenty of signs that this summer breather will be a temporary affair. By September the index of industrial output should again start to climb—breaking 170 (1947-49 = 100) by midautumn.

Here are some of the signs pointing to a fall resumption of the business uptrend:

Machine tools, which reflect business feeling about the economic climate, are now reporting a sharp gain in new orders. Producers now are booking business at more than double last year's rate.

The latest government plant and equipment survey, reflecting plans for business outlays, also is significantly up. The new plan reveals third quarter capital spending will be more than \$1 billion (seasonally adjusted annual rate) above the April-June period. It also will be some 13% above the year ago levels.

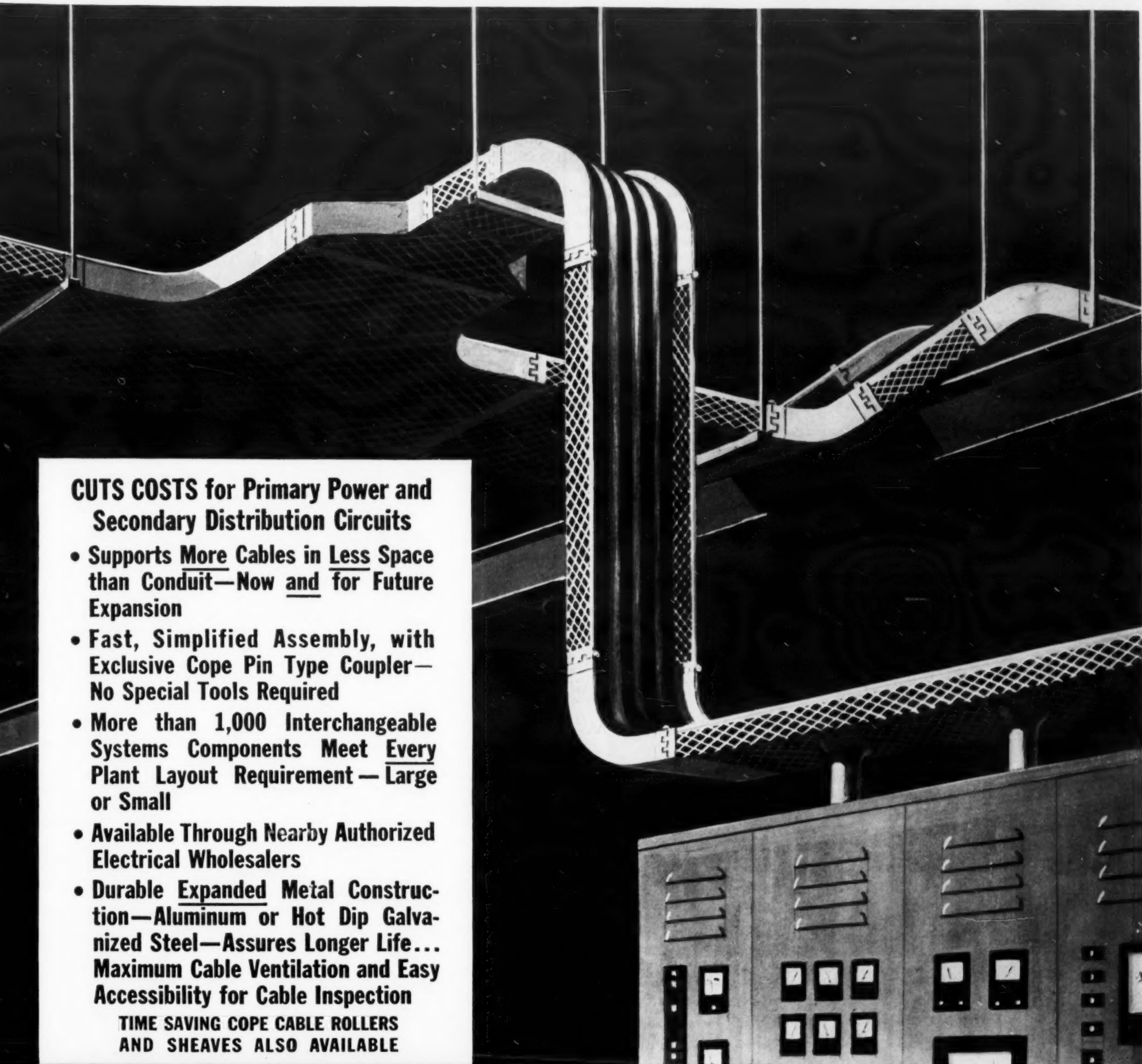
Construction contract awards an indication of over-all future activity, also are optimistic. They indicate continued strong performance from this key area well into 1960.

Price Changes for Purchasing Agents

Item & Company	Amount of Change	New Price	Reason
INCREASES			
Ammonium Nitrate, with dolomite, 20.5% N, ton.....	\$2.50	\$48.00	
Sodium Nitrate, dom., crude, bags, ton.....	\$2.50	\$48.00	
Gasoline, Esso, whl., del. tnkwgn., Balt., Wash., gal.....	.01	.159	
Consum. tnkwgn., Balt., Wash., gal.....	.01	.169	
Gum Turpentine, Savannah, gal.....	.002	.542	
Gloves, neoprene, Pioneer Rubber, M.F.T., pair.....	.20	\$1.69	upped prod. cost
Gasoline, Stand. Oil Ind., deal. tnkwgn., Chi., gal.....	.008	.164	
Lake County, Ind., gal.....	.018	.164	
Citronellal, lb.25	\$1.70	raw mat. hike
Citronellol, lb.25	\$3.45	raw mat. hike
Citronellyl Acetate, lb.....	.25	\$3.05	raw mat. hike
Citronellyl Butyrate, lb.....	.25	\$6.30	raw mat. hike
Hydrocitronellal, lb.....	.25	\$5.30	raw mat. hike
Hdroxycitronellal, extra, lb.....	.25	\$4.80	raw mat. hike
REDUCTIONS			
Auto Winter Tires, Goodyear, 7.50x14 ny., bl. unit.....	\$6.20	\$29.85	mkt. competition
6.70x15 ny., bl. unit.....	\$4.50	\$29.85	mkt. competition
Adding mach., Victor, custom, #706054178, 11 cp., unit	\$106.00	\$274.00	sales boost
Custom Elec., #708554178, 11 cp., unit.....	\$100.00	\$294.00	sales boost
Custom manual, #7085-4, 10 cp., unit.....	\$27.50	\$214.00	sales boost
Instrument Transformers, butyl-mold, G.E., JCH-O, unit	\$3.80	\$13.00	prod. economies
Metal Deactivator, DMD, Du Pont, E. of Miss., dms., lb.	.14	\$1.65	
Ore, Calif., Wash., dms., lb.....	.15	\$1.70	
Current Limiting Fuses, G.E., EJ-1, 2, EJO-1, 2, 3, unit..	11%		
Cotton seed Oil, Valley, lb.....	.0025	.1262	
ISO Eugenol, lb.45	\$4.05	
ISO Eugenol Methyl Ether, lb.....	.50	\$4.35	
Eugenol methyl ether, lb.....	.50	\$4.25	

COPE WIREWAY

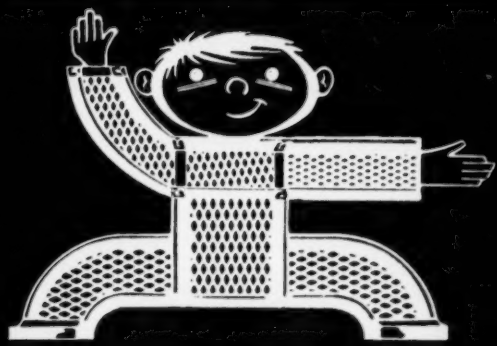
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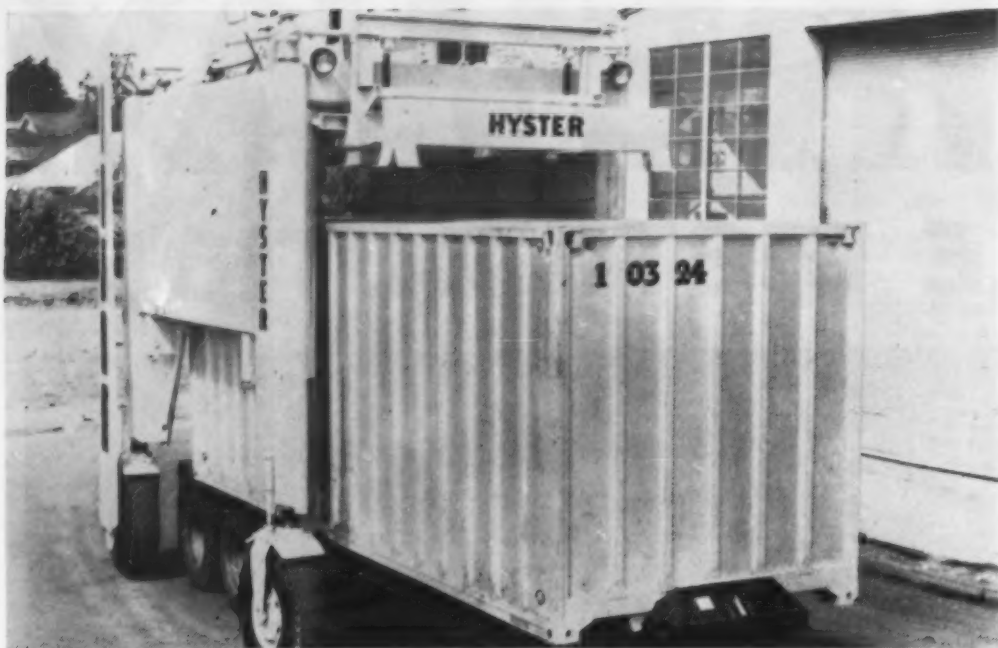


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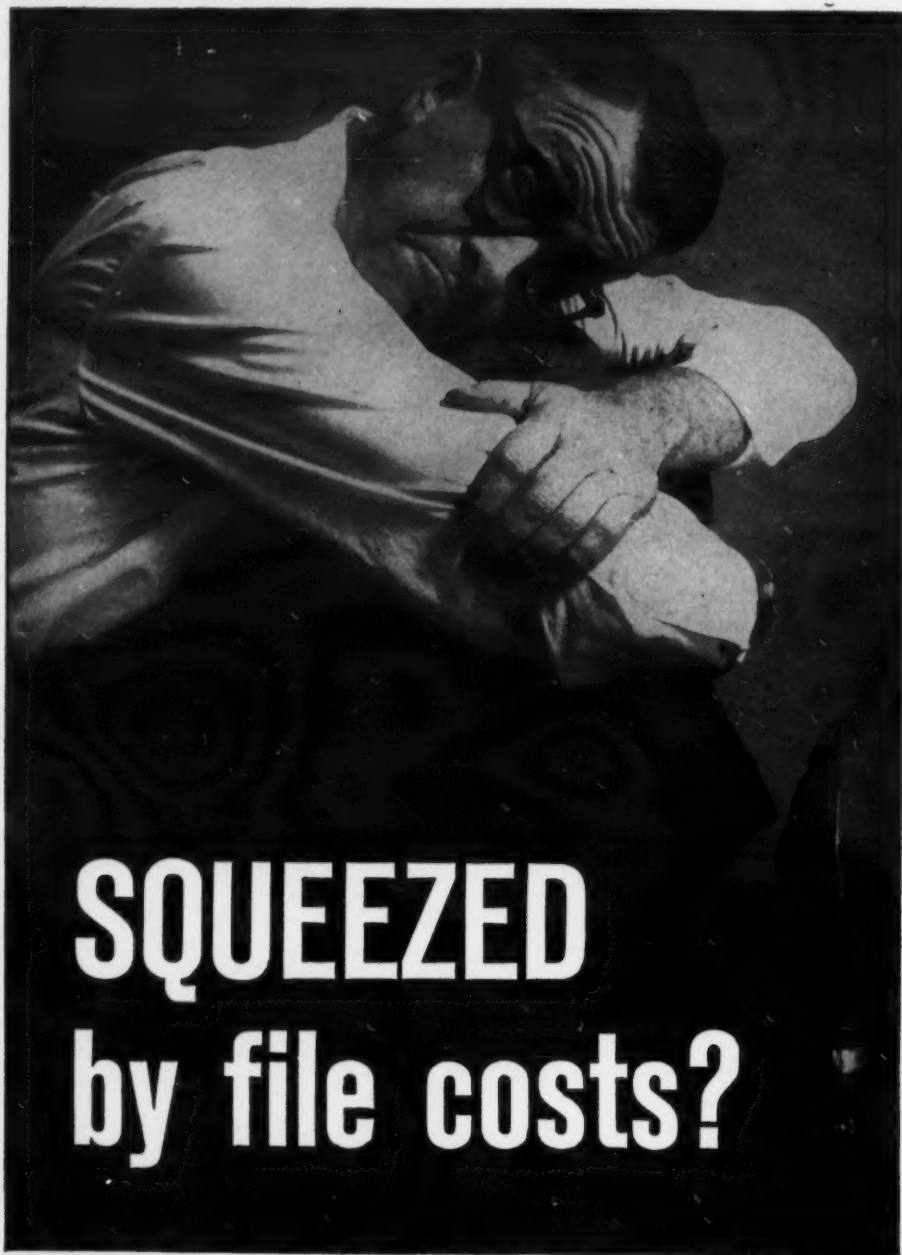
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DELUXE METAL PRODUCTS CO., Warren 23, Pa.
A division of the Royal Metal Manufacturing Co.

DM-58-03

DELUXE

Monthly Trend in Freight*

(% Change from Corresponding Month of Previous Year)

Railroad Freight Car Loadings	+12.9
Trucking—Intercity Tonnage	+20.4
†Air Freight and Express—Ton Miles	+23.9
Waterways—Foreign Trade Ship Clearances	+1.2

*Latest Month for Railroads is June; Trucks, May; Airlines, May; Waterways, April.

†Purchasing Week Projection.

18 Railroads Now Offer Transloading Service Permitting Considerable Shipping Economies

Chicago—"Transloading" saved Fairbanks, Morse & Co. more than \$20,000 in rail freight charges last year. This and similar economies reported elsewhere have focused fresh attention on the use of this relatively new distribution procedure which permits individual rail delivery of portions of an original carload shipment to two or more destinations.

Eighteen railroads now offer transloading service. It was first proposed about 2½ years ago, but so far only Western and Southwestern railroads have co-operated.

In the Fairbanks Morse case, general traffic manager Perry Jefferson explained that major portions of the savings—\$19,396—came on 18 carloads of scales shipped from the company's St. Johnsbury, Vt., plant to four Pacific Coast warehouses. The savings amounted to \$3.11 per 100 lb., and shipments totaled 626,894 lb.

In shipping the scales, Fairbanks Morse could transload at any number of stations—including Chicago, Reno, Denver, and Kansas City—depending on the railroad used. Cars were made up at the point of origin as full carloads to the farthest point of destination. This enabled the company to obtain a carload rate about \$3.11 per 100 lb. less expensive than the \$7.81 minimum rate charged for LCL or truck.

In addition to the lower rate, the railroad also charged a flat fee of \$16.97 for each of the desired destinations except the final one. Thus, if four destinations were ordered, Fairbanks Morse would pay the carload rate to the farthest destinations, plus \$50.91.

At the transloading point, a car is stopped while the portions of the shipments destined for other points than the



THIS CARLOAD SHIPMENT is scheduled for transloading and delivery to two or more destinations at savings in time and cost.

final one are removed and placed in other cars. Usually, the largest load is reserved for the final destination and is not removed from the car. The railroad thus can make up the rest of the car as it wishes.

All transferring of cargo takes place in one day, compared to anywhere from three to five days on what is known as "stopoff," according to Jefferson. "The nicest part is that we have had only one case of damage, and no lost shipments," he remarked.

While transloading has many benefits, there also are a number of limiting factors, Jefferson explained. He said it is not adaptable to custom manufacturing, and destinations must be relatively the same distance from the transloading point in order to be economical.

Stay Ahead—Always Ship... **RINGSBY ROCKET**

INSTANT VOICE COMMUNICATION

No decoding—no delay in sending vital routing orders, receiving up-to-the-minute shipment tracking information with Ringsby! A new, 2700-mile high-speed voice communications network now connects 14 major Ringsby terminals—'round the clock—between Chicago, St. Louis and the West Coast. Leased from Bell Telephone's Long Lines Department, this instant, heavy-traffic system is designed exclusively for Ringsby's modern, fast-moving operations. Ship RINGSBY ROCKET... the fastest, safest, most economical transportation for your freight is only a quick telephone call away!

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TRUCK LINES, INC.

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MAJOR TERMINALS	
Chicago	Ludlow 5-7300
St. Louis	Central 1-3751
Kansas City	Humboldt 2-9350
Cheyenne	Humboldt 2-9321
Denver	AComa 2-5761
Salt Lake City	HUNTER 4-4481
Las Vegas	DUDLEY 2-4730
San Francisco	EXBROOK 4-1055
Oakland	OLYMPIC 4-1274
Los Angeles	ALHAMBRA 2-3192

Pentagon's TV-Marathon Sales Pitch Set to Push Surplus Military Stock

Washington—The Pentagon is planning a TV-marathon auction to push sales of surplus military equipment.

Utilizing closed-circuit TV and two-way radio hook-ups, prospective buyers in six major cities will bid on equipment exhibited at Army, Navy, and Air Force supply points in three states. The "show" will run for about eight hours next Oct. 7.

Surplus clothing, heavy construction machinery, road building equipment, generators, trailers, machine tools, and general engineer supplies—originally worth \$1.5 billion—will be put on the block via TV. The surplus material will be exhibited at the Army's Granite City, Ill., Engineer Depot, the Air Force's Shelby, Ohio, depot, and the Naval Shipyard at Philadelphia.

Prospective buyers will view the sales on large-screen television in Boston, Mass., New York, N. Y., Philadelphia, Pa., Columbus, Ohio, Chicago, Ill., and St. Louis, Mo. Exact locations will be announced in about two weeks.

The Pentagon hopes the TV will stimulate sales of surplus military goods by allowing bidders to participate without traveling to the auction sites to inspect the property or bidding solely on the basis of written descriptions.

The prospective buyers at the TV-viewing halls will bid via two-way radio systems and will be viewing the auctioneers and their wares through television. Three-camera mobile TV units will operate at each auction site. Audio and video facilities will be provided and operated by Tele-Prompter Corp., New York, N. Y.

J. R. Wilson, Ex-Oilman, Heads Oklahoma's New Central Purchasing

Oklahoma City—An oil company purchasing agent will head Oklahoma's new central purchasing agency.

The State Board of Affairs has named J. R. Wilson, Jr., a purchasing veteran of 14 years with the Sohio Oil Co., to direct the state's buying organization.

Wilson's assistant will be Ira Baker, who was P.A. for several years under the discarded state purchasing setup.

The move to centralize buying is expected to save Oklahoma \$8 million a year. "Large lot buying, bids, and non-brand specifications will cut costs by 8-20%," a board spokesman explained.

State officials predict purchases will reach a total of \$120 million a year under the new system, which went into effect July 15.

The fledgling agency will buy for almost all state departments and institutions excluding certain college funds and the state highway department on road construction contracts.

Friden in Postal Meter, Banking Supply Fields

San Leandro, Calif.—Friden, Inc., is adding a mailing room division with the purchase of International Postal Supply Co., Lewistown, Pa. The acquisition signals Friden's entry into a field occupied almost exclusively by Pitney-Bowes.

Walter S. Johnson, Friden president, said the firm has designed a postage meter "perhaps a bit better" than those on the market today. He said that Friden's meter is lighter in weight than those currently available.

The meters, now being tested by the Post Office, should be ready for distribution in about a year.

Friden also is testing its Model B bank machine similar to a computer.

New 'Isoline' Disconnect Promotes Plant Safety

Allentown, Pa.—A new automatic disconnect, called Isoline, should boost safety in maintenance of plant electrical distribution systems.

Many plants distribute electricity to their machines through busbars—thick copper bars housed in ductwork.

Practice is to connect a machine to the bus through a plug-in device that makes contact with the bus via an opening in the duct. This is sometimes dangerous.

Furthermore, the plug-in device—a switch, circuit breaker,

or motor control—presents live terminals to the electrician for servicing or wiring.

The new disconnect developed by Electric Distribution Products Co., subsidiary of Worthington Corp., offers safety in three ways:

1. Plug-in openings in the duct are closed with locked safety slides.

2. The safety slides open only when the Isoline plug-in device is properly attached.

3. The plug-in device makes contact with the bus only when the safety slide is closed and the power handle is "on." Shifting

it to "off" breaks the contact and permits the electrician to open the unit's door. The entire unit is then without power and can be serviced safely.

E.D.P. has licensed Westinghouse to produce Isoline-type devices. They are marketed under the trade name Lifeline.

Isoline is part of a complete bus system, all of whose components come in standardized, off-the-shelf form. The bus system is called Masterguard and, according to its maker, needs little or no engineering for installation in old or new plants.

WAGNER Integral- Type Gearmotors



FOR THE POWER YOU WANT AT THE SPEED YOU NEED

Wherever you need "slower than motor speeds" you can get positive speed reduction with plenty of power by using Wagner Gearmotors.

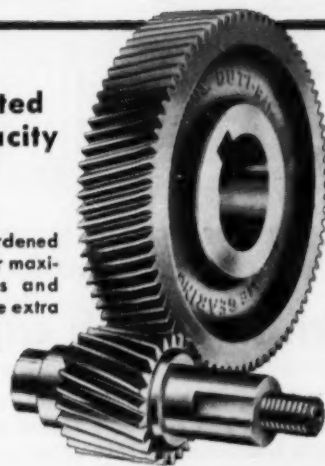
This extension to the Wagner line provides compact motorized drives, with both motor and gear housing of corrosion-resistant cast iron. Available with the latest NEMA Frame open protected or totally enclosed fan-cooled motors, they combine Wagner motor dependability with rugged, simplified gear units to give you speed reduction equipment designed for greater capacity and longer life in ordinary up to rough service.

Wagner Gearmotors offer a wide variety of sizes in single, double, triple or quadruple reductions, horizontal or vertical foot or flange mountings—speeds from 7½ to 780 RPM. Write for Bulletin MU-227.

Whether you specify or apply power transmission equipment, your nearby Wagner Sales Engineer will be glad to help you select the right drive for your applications.

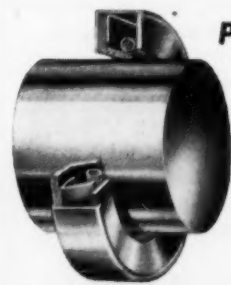
Heat treated high capacity helical gears

Gears are hardened after cutting, for maximum hardness and accuracy, to give extra capacity and longer wear life.



Positive Oil Seals

Improved lip type seals are used on horizontal shafts. On vertical output shafts, double mechanical seal with slinger and drain-off gives positive protection against leakage.



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Foreign Perspective

London—Western Europe is now divided into two trade camps.

The major economic question to be decided this year or next is whether or not some form of association will be formed between the two. Either way, you'll find big changes these coming months in the pattern and direction of European trade.

On the one hand, members of the new European Trade Association (E.T.A.), headed by Britain, aim to eliminate trade barriers among themselves totally by 1970. The first 20% tariff cut is scheduled for next July 1.

On the other hand, the "common market" European Economic Community (E.E.C.) is steadily forging ahead with its plans to lower internal and harmonize external tariffs. They're also working toward ultimate political unity.

Hopeful signs that the two might get together are seen in the E.T.A. agreement. The seven countries concerned say they want early negotiations with E.E.C. in order to establish a wider multilateral association embracing most of free Europe.

Reactions from the "common market" countries also are mildly encouraging. They say the scheme is acceptable to them as long as it is genuinely intended to promote an eventual over-all agreement.

One stumbling block may be what Britishers refer to as the Bonn-Paris axis. They reckon it has anti-British implications and that it is an obstacle to European economic unity.

AUG. 3-9

Tokyo—Trade with Russia is exceeding all earlier expectations.

Originally a goal of \$70 million was set by a Russo-Japanese trade agreement signed last December. But based on current figures, a total of \$80 million seems virtually assured.

All indications point to still further rises. Japanese trading firms, for example, point to the numerous Soviet trading and investigation teams which have visited Japan. And more are expected in the next few months.

Another plus factor: Trade now is being carried out on a balanced export-import basis. This differs drastically from a year ago when Russia temporarily suspended trade because Japan was exporting much more than it was buying from Russia.

With Japan having purchased practically all her lumber and coal needs for the year, future purchases are expected to center on farm products.

Meanwhile, formal talks will be started soon by Japan's eight steel makers with the Soviet Trade Mission in Tokyo on the Soviet proposal for a long-term barter agreement.

The Russians have proposed exporting 800,000 to 1 million tons of coking coal

to Japan annually at \$13-\$15 per ton c.i.f. and importing Japanese silicon steel plates, thin sheet steel and other steel products in return. The contract would be for three to five years.

The Soviet coal price is lower than the coking coal presently being imported from the U. S.

Bonn—Germany continues to maintain its lead as the biggest European auto producer and exporter.

On the basis of German automotive production during the first six months of 1959, this year's output can be expected to reach 1.7 million units. Roughly 50% of this will be exported.

According to statistics of the Association of German Automotives Industry, production during the first half of 1959 increased to 831,854 units or 12.2% more than during the corresponding period of last year.

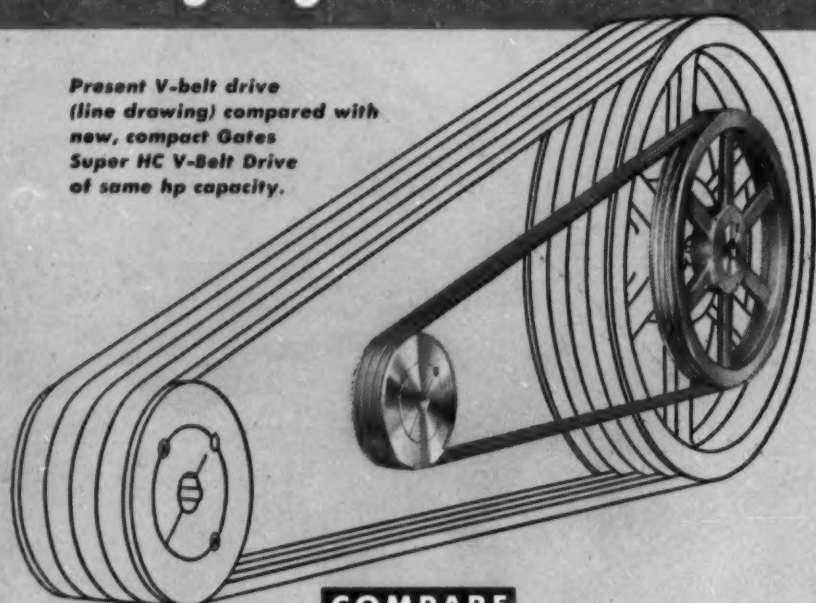
Export rose by 17.3% to 422,363 vehicles. That's considerably more than American car exports.

However, the extremely high growth rates of previous years have not been reached. But this in no part is due to a slackening off in demand. Instead, it's directly attributable to the fact that the big manufacturers have reached the limits of their capacity.

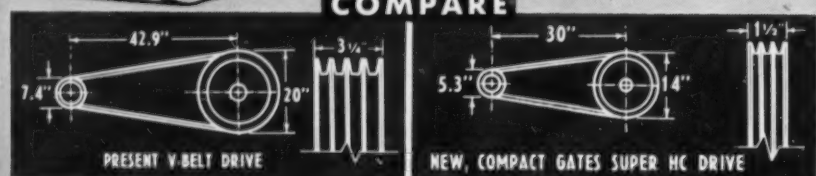
The order backlog position certainly backs this up. The unfilled order cushion extends almost to 1960.

Designing NEW DRIVES?

Present V-belt drive (line drawing) compared with new, compact Gates Super HC V-Belt Drive of same hp capacity.



COMPARE



Save up to 20%
with new high capacity V-belt drive

When you change the whole drive—both V-belts and sheaves—remember: The cost of a Gates Super HC V-Belt Drive is as much as 20% less than the cost of present V-belt drives of the same horsepower capacity.

A development of Specialized Research in the world's largest V-belt laboratories at Gates, the new Super HC V-Belt makes possible the most compact, lightest-weight, lowest-cost multiple V-belt drive you can put on any machine!

Cuts drive space as much as 50%

With Gates new Super HC V-Belt, sheave diameters and widths can be reduced 30% to 50%, center distances 20% and more. Bearing load is lightened and total space occupied by the drive may be cut as much as 50%.

"The Modern Way to Design Multiple V-Belt Drives" is an informative handbook on the Super HC Drive, available from your nearby Gates Distributor listed in the Yellow Pages of your phone book.



The Gates Rubber Co., Denver, Colorado
Gates Rubber of Canada Ltd., Brantford, Ont.
World's Largest Maker of V-Belts

TPA 439

Gates SUPER HC V-BELT Drives

U.S. Purchasers Out of Luck on Foreign Steel As Other Nations Face Huge Order Backlog

New York—While most of the United States steel making capacity lies idle, European and Japanese mills are operating full blast.

But steel men in Bonn, Brussels, Tokyo, and elsewhere claim they are in no position to cash in on any steel shortages or price pressures as a result of the strike here.

Most foreign producers point to an order backlog which will keep them busy until at least next October with much of their current and future production already ticketed for steel-hungry nations other than the United States.

They say American producers who order now face a two to four month delay—except in a few scattered items—so that any U. S. manufacturer thinking about importing steel to meet a strike-caused shortage probably will be out of luck.

Here is how McGraw-Hill news bureaus in Europe and Tokyo assess the foreign supply situation:

Bonn—Producers in Western Germany naturally hope that the U. S. strike will bring them additional orders from America but are not expecting a fresh spurt until August. They believe that American buyers then will have a clearer idea of what they need for future delivery.

Delivery times of the German steel industry average two to three months except for sheet, tubes, and plate on which a three to four week delivery is being quoted. But with order books full and mills producing at record levels, there seems to be little effort to capitalize on potential United States shortages or to lay on special shipments.

They warn, however, that coupled with demand from all quarters of Europe, a continuation of the strike probably would produce an additional \$2-\$3 a ton increase on European steel this month.

Brussels—Additional orders for Belgian steel have been flooding in from the United States since last February. But Belgian producers blame the recent price boosting on American merchants who stockpiled speculatively.

Steel industry leaders here point out

that their export trade has been improving markedly from nearly all customers since last February and this, rather than anticipation of U. S. strike shortages, was mainly responsible for upped price trends on new orders.

Belgian steel now being delivered in the United States, they assert, was ordered in February or March and was invoiced at prices prevailing before the upswing reached its full effect.

Belgian producers emphasized that European steel firms profited little from recent import price increases in the U. S. market. But they admit orders now being booked are at higher prices for delivery four or five months hence.

Belgian steelmasters say their orders reflect soaring demand for the European coal and steel community where industrial revival has been especially strong.

London—The U. S. steel strike so far has had little impact on British steel makers. When the strike was first anticipated earlier this year, a slight upsurge in U. S. sales was noted, particularly in the heavier products and wire rod. But the British say the continental steel industry got the lion's share of U. S. ordering.

Despite the temptation, a British industry spokesman contends, the British steel industry reflected "its usual stability" and kept prices fairly level.

Tokyo—The Japanese steel industry was watching the American strike situation closely last week. From mid-summer of 1958 there was heavy buying for the American market but this tapered off by spring as American stockpiles grew.

Japanese producers appeared convinced that U. S. inventories on most products are good for at least two months and that they won't receive fresh orders any time soon.

The Japanese industry was reported booked solid through October so that even if new orders do arrive, it can not make deliveries before then.

Japanese mills are shipping mainly traditional items to the United States with reinforcing steel bars the biggest item. Other top export products include wire, nails and ball nut rivets.

Organist Don Williams Composes Music in Spare Time



DONALD WILLIAMS, P.A. for I.T.T. Labs., displays several of his published works.

"The soothing sounds of an organ are enough to make anyone think he is in heaven itself," says Donald D. Williams, purchasing agent at I.T.T. Laboratories, Nutley, N. J. This was his immediate reaction when, as a child, he first heard an organ being played.

Although quite young, Williams remembers it well and also recalls that it was then he made up his mind to master the organ. He wished to do so for two reasons: First, he wanted to enjoy it himself. Second, he wanted other people to be able to enjoy it.

Don Williams was born in Siloam Springs, Ark., and when two weeks old moved to Wichita, Kan. He attended the local high school and also one year of Wichita Business School.

In Wichita, Williams studied piano for almost nine years, and also made his original public appearance as an organist. It was as much of a surprise to himself as it was to his public.

It was a typical Sunday morning and families headed for church to attend services. Suddenly the cry came out for an organist. The regular organist was out sick and the services were about to begin. There was no one to play. The minister looked around, then approached young Williams.

Even though Donald (who was then 15) had been taking piano lessons for several years he had had only a few organ lessons. But with youthful determination and complete self-confidence, he decided on the spot that it was "now or never," he recalls. This was his big chance to play in front of the whole town, so up he went to the organ loft.

That actually was the beginning of Williams' public career as an organist. He went from one church to another playing in and around Wichita until World War I.

Williams was in France as a sergeant during the war and although he "had little time to play the organ over there," he did so as often as possible to help entertain the service men and also in

any chapel that was equipped with an organ.

A year of serious study at the American Conservatory in Chicago gave Don the added polish he needed to become a professional. Then for some years he played in the theater, in churches, and joined the faculty of Wichita College of Music, where he taught organ in 1922-'23.

"Having taken up composing," Don recalls, "New York was the best place for me." So in 1923 he was "off to the big city" where this composer-player became the theater organist on the Fox circuit until late 1929. He played at the Japanese Garden movie house (uptown Broadway, N. Y.) until the advent of the talking pictures in 1930, when he went into the managerial end of motion pictures with some of the largest theaters

in Brooklyn. It was at this time Don learned so much about supplies, maintenance, advertising, and service.

"One of my happiest memories," Don reveals, "is the fact that four of my orchestral and piano compositions were published by Irving Berlin. And I haven't given up composing yet," he admits. As time allows, Don works on new pieces. Recently a publishing firm accepted one of his newest songs.

Don and his wife Evelyn are looking forward to retirement in a few years when they hope to move to Florida. "There I will continue my composing and playing the organ in different churches. I am one person nearing the retirement age who does not regret it," Don claims. "I feel I have enough hobbies and interests to keep me happy and busy for many years to come."

Don is active in the American Legion, and is Past Master in his Masonic Lodge. Interested in politics, Don, for the second year, is the County Committeeman in his district, and he has accepted another one-year term as chairman of Special Affairs Committee in the Purchasing Agent's Association of New Jersey.

This Changing Purchasing Profession...

Frank E. Whyte has been advanced to the new post of director of purchasing at SKF Industries, Inc., Philadelphia. Whyte, who joined the firm in 1957 as general purchasing agent, will direct



F. E. WHYTE

and coordinate the purchasing and traffic department activities in his new post. He served as president of the Purchasing Agents Association of Buffalo in 1952 and 1953. From 1954 to 1955 he was vice president, District 8, for the National Association of Purchasing Agents.

William F. Slook has joined the Watertown Division of New York Air Brake Co., Watertown, N. Y., as manager of purchases.



W. F. SLOOK



H. G. HUEG

Herbert G. Hueg has taken the post of purchasing agent at Kohlenberger Engineering Corp., Fullerton, Calif. He had been chief industrial engineer for Sterling Electric Motors, Inc., Los Angeles.

William F. Erler has been appointed director of purchasing and treasurer of John Erler Industries Inc., formerly Erler Pattern & Model Corp., Toledo.

John W. Harding, purchasing agent at the University of Washington, Seattle, has been promoted to assistant business manager. Richard Johnson, buyer for the University Hospital, moves into Hard-

ing's former post.

William E. Gephardt Jr., director of purchasing for Frontier Bronze Corp., Niagara Falls, N. Y., has been elected vice president of the firm and will be responsible for purchasing and production control.

William A. Gibbs has been made purchasing agent of the Richmond, Fredericksburg & Potomac Railroad, Richmond, Va. Gibbs succeeds Arthur B. Wilkinson who retired Aug. 1 after nearly 59 years with the railroad.

Charles R. Skinner has joined Laboratory For Electronics, Inc., Boston, as director of purchasing. He had been with Austenal Inc., New York, and before that served as purchasing agent for the Pratt & Whitney Aircraft Division, United Aircraft Corp., East Hartford, Conn.

Robert M. Strain has been promoted from materials standards administrator to director of purchases for Joseph E. Seagram & Sons Inc., New York.

Frank B. Ralston, purchasing agent for Carlisle Chemical Works, Inc., Reading, Ohio, has transferred to the sales force. Raymond A. Osterday has been appointed purchasing agent for both the Carlisle Division, Reading, Ohio, and the Advance Division, New Brunswick, N. J. Osterday will be located at the general offices in Reading.

Obituaries

Horace William Gallae, 52, purchasing agent for PM Industries of Stamford, Conn., died July 17. He had also served as purchasing agent for the Petroleum Heat & Power Co. of Stamford.

George E. Smith, 83, a former purchasing manager for the International Paper Co., New York, died July 18. During World War II he was head of the paper industry's advisory board in Washington, D. C. and later was in charge of federal purchasing for the construction of synthetic rubber factories.



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1. 40% higher hp rating at no increase in price: This important cost-saving advance is the result of Specialized Research in the world's largest belt-testing laboratories at Gates. As replacements on standard drives these V-belts with 40% more load-carrying ability give longer service life...reduce down-time, cut belt replacement costs.

2. Concave Sides (U. S. Pat. 1813698): The sides of Gates Belts are concave (Fig. 1). When the belt is bent around the sheave, the concave sides fill out—become straight—for full, uniform contact with the sides of the sheave groove (Fig. 2). Uniform contact insures maximum pulling power...even distribution of wear...longer life.



Available in all sizes from your nearby Gates V-Belt Distributor listed in the Yellow Pages of your phone book.

When designing new drives use Gates new Super HC V-Belts and Sheaves. See opposite page.

The Gates Rubber Co., Denver, Colorado
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World's Largest Maker of V-Belts



TPA 432

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VULCO ROPE

Purchasing Week

330 West 42nd St., New York 36, N. Y.

McGraw-Hill's National Newspaper of Purchasing

Vol. 2, No. 31

AUGUST 3, 1959

Print Order This Issue 26,620

We Welcome Differences of Opinion

“UNLIKE many political hacks, business executives are trained in the art of weighing pertinent facts and arriving at decisions that are fair and equitable to the greatest number. In brief, business executives know how to look at problems objectively; they know how to study the probable results of proposed action or legislation.

“Purchasing agents are on this executive level and, therefore, they, too, should speak out on government affairs. It is not enough, though, that they speak out as individuals; single voices too often go unheard.”

Those two paragraphs in a recent editorial aroused the ire of a reader (see letter in accompanying column, “Your Follow-Up File”).

We certainly cannot disagree with Mr. D'Hondt's declaration that we would be deluding ourselves if we thought all executives made only “right” decisions. Business failures, distress sales, sinking sales curves, and warehouses filled with useless inventory are only a few of the obvious sign posts that indicate “wrong” decisions.

Nor can we disagree with his point that frequently decisions in business are “fair and equitable to the smaller group at times . . .” As for business executives being opportunists, we can only add “thank goodness they are.”

But when it comes to Mr. D'Hondt's statement about publishing only material editors “think readers would like to believe rather than the truth,” we do take exception. When PURCHASING WEEK was launched, we quoted in this very space this statement from George L. Wilson, chairman of the editors' group of the National Association of Purchasing Agents:

“We feel freedom of expression should be given to the purchasers' ideas on such subjects as escalation, shortages of vital commodities, pricing policies, and other important considerations without regard to whose tender toes may be stepped on.”

At that time we declared—and we repeat it now because it is still true:

“It would be nice to think we could operate without ‘stepping on tender toes’; but being realistic we know that when it comes to expressing opinions, there will be differences. We welcome differences of opinion. Yes, we even welcome opinions when they differ from ours.”

Too Many Pat Answers

SOMETIMES we think it would be nice to have predetermined solutions to problems. The only trouble, of course, is that the problems don't always fit the solutions. We like the way a Massachusetts purchasing agent phrased it:

“There are too many pat answers in a regularly run business. I'd like to find some man to give me answers that were not pat and not for regularly run business. The pat answer does not run a business. I've tried it and found it can't be done.”

The steel strike certainly is a case of there being no immediate “pat answer” available. It also is a case that involves negotiation, and for this reason deserves the close study of purchasing executives. Much can be learned from both sides in the steel strike about the marshalling of facts and their introduction to prove points.

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Your Follow-Up File

Emphasis Is on Training

Wilmington, Mass.

Your editorial “It's Time to Take a Stand” (June 29 '59, p. 10) is either tops in naivete or is intellectually dishonest.

To suggest by inference that there are no executive hacks—but there are many such among politicians—sounds suspiciously like editorial quackery, not hackery. Editors in this category write what they think the readers would like to believe, rather than the truth.

There is no field of endeavor without hacks. Executives in business are essentially opportunists—they have to be. As such they can stoop to the lowest of practices in their reach for status, or they can apply the highest. The records of all professions contain ample proof of this.

I particularly take exception to the statement that executive decisions are, ipso facto, fair and equitable to the greatest number. Surely many decisions must be fair and equitable to the smaller group at times—the company and its stockholders—not always the greatest in number.

In your efforts to give your readers material they like to read, don't lose objectivity altogether. Truth has a habit of winning in the end.

Louis D'Hondt

Purchasing Agent
J. W. Greer Co.

● We agree completely with Mr. D'Hondt. It was our intent to put emphasis on the training part—we believe an executive to be an executive must be “trained in the art of weighing pertinent facts . . .”

We agree many decisions are made to be beneficial to minorities such as stockholders, etc. Our reference was to political activities.

We've Done It Again

Marysville, Ohio

Back in the July 7, 1958 issue you had “Status of Federal Legislation of Interest to Purchasing Agents” (p. 22).

It is my understanding that this was prepared by the Washington Bureau of PURCHASING WEEK. Would it be possible for you to publish a similar article as of 1959?

I think it will be beneficial to all purchasing agents who subscribe to your paper.

S. V. Chamberlain
Purchasing Agent
Scotts

● Good suggestion. See page 22.

Requests for Information

Cleveland, Ohio

We would appreciate the manufacturer's name of fluidized plastic coating, as outlined in your “Product Perspective” (July 13 '59, p. 20).

C. W. Steehler
Purchasing Agent
Swartwout Co.

● Polymer Processes, Inc.,
125 N. Fourth St., Reading, Pa.

Yardville, N. J.

I am looking for either a used laboratory mill or a place where I can get used rollers that can be adapted to

our present mill. We are in the vinyl plastic sheeting business and I must try to locate something during the next 10 days.

Norman F. Giberson
Kaye-Tex Mfg. Corp.

Rio de Janeiro, Brazil

Can you advise us as to where we could obtain more information on transfer molding (“Plastics: How They Are Processed,” May 11 '59, p. 30).

Jorge Hurwicz
ELETROMAR

Industrial Electrica Brasileira, S. A.

Wants McGraw-Hill Study

Syracuse, N. Y.

In the July 13 issue of PURCHASING WEEK, you refer to a new McGraw-Hill Department of Economics study on the reasons behind current foreign trade losses (“Survey, Shows Heighten Foreign Trade Talk,” p. 1). I would like a copy of that study.

R. A. Norman
Manager—Operations Research and Synthesis
Semiconductor Products
Department
General Electric Co.

Thanks for the Copies

Norwalk, Conn.

Many thanks for the 12 copies of “Use These Nomographs to Help Solve Inventory Managements Snags” (July 6 '59, p. 16).

All of us find that PURCHASING WEEK is a must and, in fact, has become required reading. Keep up the good work.

George A. Hodge
Assistant to the Director of Purchasing
Perkin-Elmer Corp.

Right Tool, Wrong Name

Cleveland, Ohio

As an indication we read your magazine and read it thoroughly, we call your attention to the article “Charge-a-Plate Tool Check” (July 20 '59, p. 17).

The equipment shown is manufactured by our company. The Charge-a-Plate is a trade name of one of our competitors.

G. A. Fay
Director of Purchases
Addressograph-Multigraph Corp.

● We erred. “Charge-Plate” is the trade name of Farrington Mfg. Co., Needham Heights, Mass.

Want 40 V-Belt Reprints

Moline, Ill.

We would appreciate receiving approximately 40 reprints of “New V-Belts Now 40% Stronger, Cost No More” (July 20 '59, p. 20).

We have a total of 15 factories, most of which use V-belts, and we would like to give each factory, as well as other general company departments, two copies of this article.

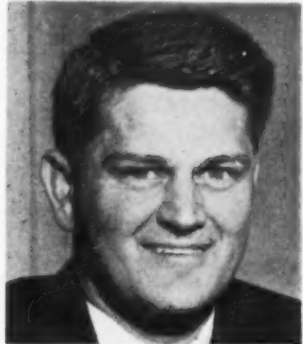
C. D. Bohman
Assistant Product Manager
Deere & Co.

PURCHASING WEEK Asks You...

What is the buyer's responsibility to a long-established reliable supplier when faced with a lower competitive price?

Question suggested by E. M. Trump, Director of Purchasing
Johnson & Johnson, Ltd., Montreal

R. P. Barker, E. D. Bullard Co., Sausalito, Calif.



"A buyer's first responsibility is to give his company the advantage of the lower competitive price providing all other factors are the same. A buyer's ability is measured to a large extent by his success in obtaining aggressive competition. However, he does owe loyalty to his long-established suppliers. Without revealing prices, he should advise them that competition is at work and new bidders are interested in obtaining a share of his business."

W. G. Adamek, American Electric Co., Wichita, Kan.

"My answer is gratitude. A buyer must express gratitude to his long-established reliable supplier. Gratitude teaches us how dependent we are on others for our success. We need friends to win. We need friends to speak well of us to others and to stand by us in difficulties. We do not build friends on price alone. If the lower competitive price is right, it will only be a short time before our reliable supplier will meet it."



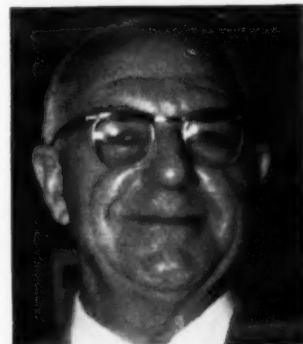
A. A. Jaffee, Byer-Rolnick Hat Corp., Garland, Tex.



"The buyer's responsibility is always to his own company, no matter how reliable or long established that supplier may be. Many factors must be considered. Is it a price 'to get a foot in the door'? Will qualities, specifications and shipping dates be maintained? etc. I think the established supplier has a right to know lower prices are being quoted so he may determine his own course of action. Price alone cannot be the final determining factor."

C. T. Geren, Texas Eastern Transmission Corp., Shreveport, La.

"It depends on the exact relationship between that supplier and the buyer's company over the past period. If this supplier has performed some function for the buyer that he could not have obtained otherwise, then the buyer must always remember that performance and take it into consideration in future relationships. This can mean that this supplier would be shown favoritism, even in view of the possibility of buying his product at a lower price from another supplier."



R. G. Cayce, American Agricultural Chemical Co., Pierce, Fla.



"If the lower competitively priced article is presented with reliable references that can be checked, a purchasing agent should attempt to save money for his employer. However, assuming the product to be of equal quality, a buyer must consider service, availability, and willingness of the supplier to give assistance in emergency situations. Long-established reliable suppliers generally have built a mutual interest in their customer's operations."

J. M. Henderson, Combustion Engineering, Inc., Monongahela, Pa.

"It is our responsibility to contact and advise our reliable suppliers in detail regarding a lower competitive price. It is our supplier's responsibility to carry a minimum stock of regularly purchased items. We feel responsible for purchasing this and keeping them advised regarding market conditions. We feel a supplier also should be advised regarding his position before making any changes in our operation that would affect purchase of his product."



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New HavenLOcust 2-3594
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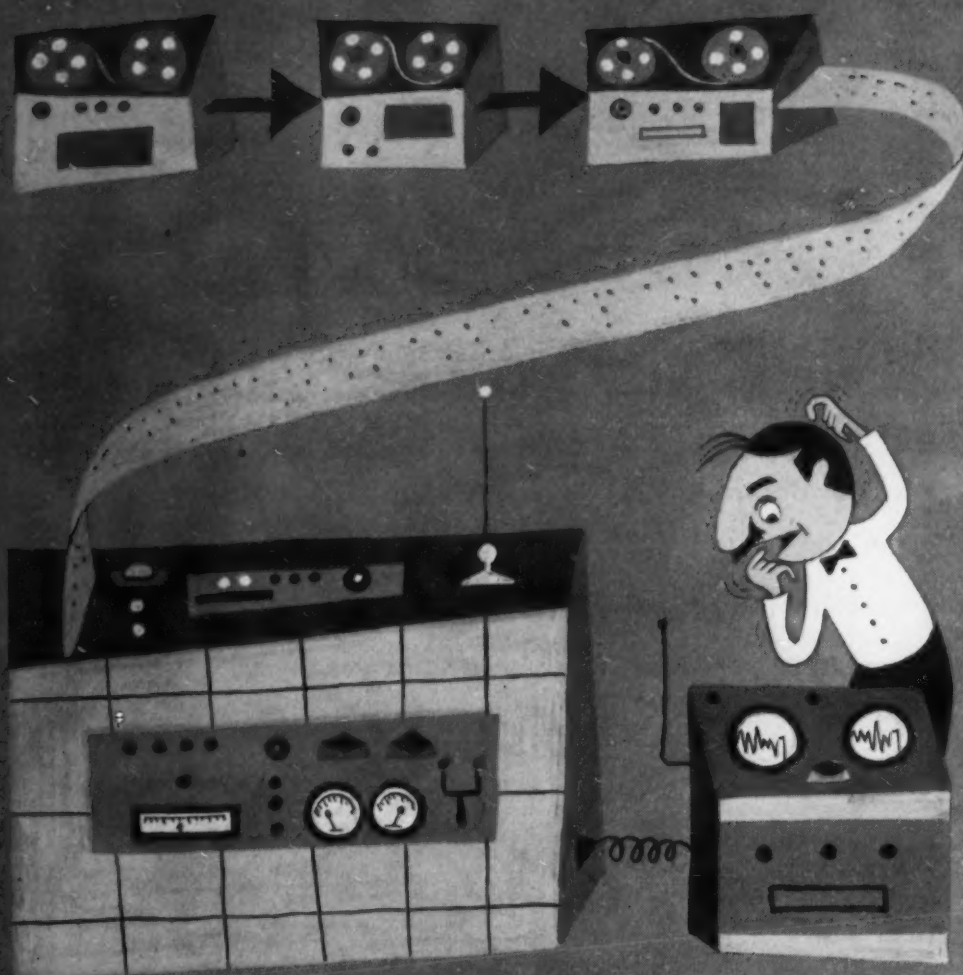


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FACTORY of the FUTURE

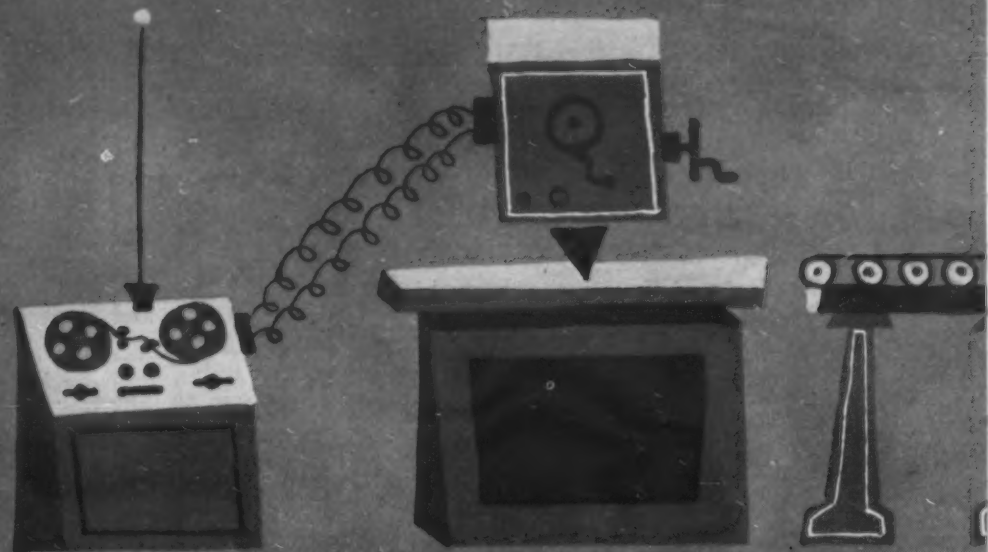
Today just a few factories are experimenting with these techniques. Tomorrow, these methods will be a necessity in any plant that is competitive.



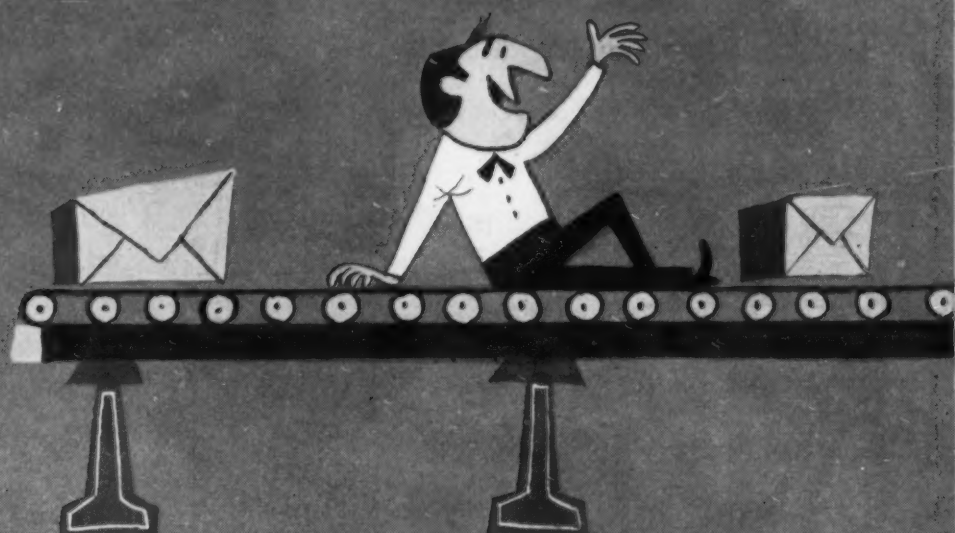
Offices: Computers, accounting machines, typewriters—integrated to process routine data and give management the information it needs to make decisions.



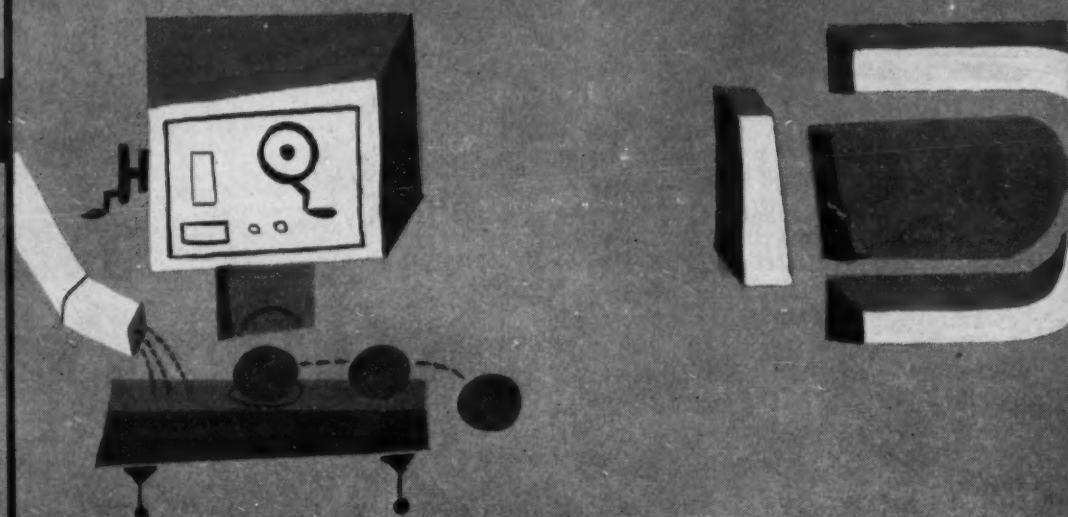
Services: Higher electrical voltages, unitized substations, better lighting, almost universal air conditioning.



PRODUCTION MACHINERY: A reel of tape will tell the tool

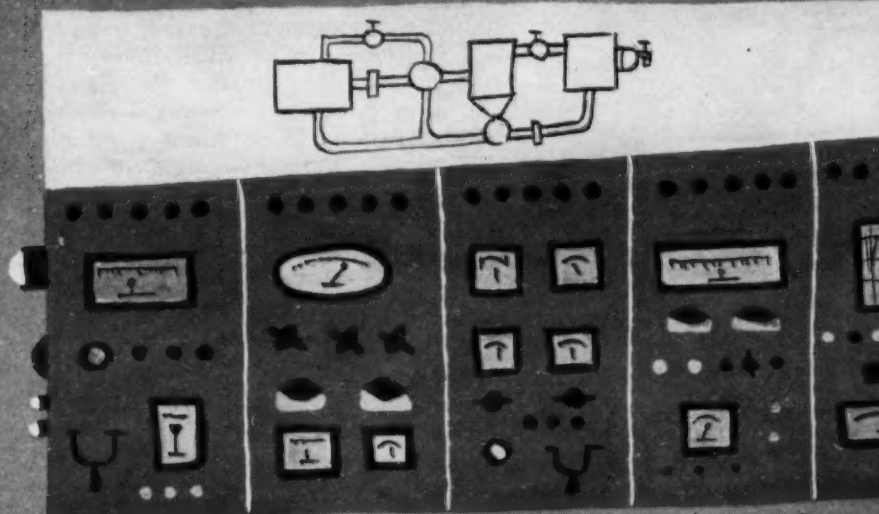


MATERIAL HANDLING: Conveyors will deposit their loads

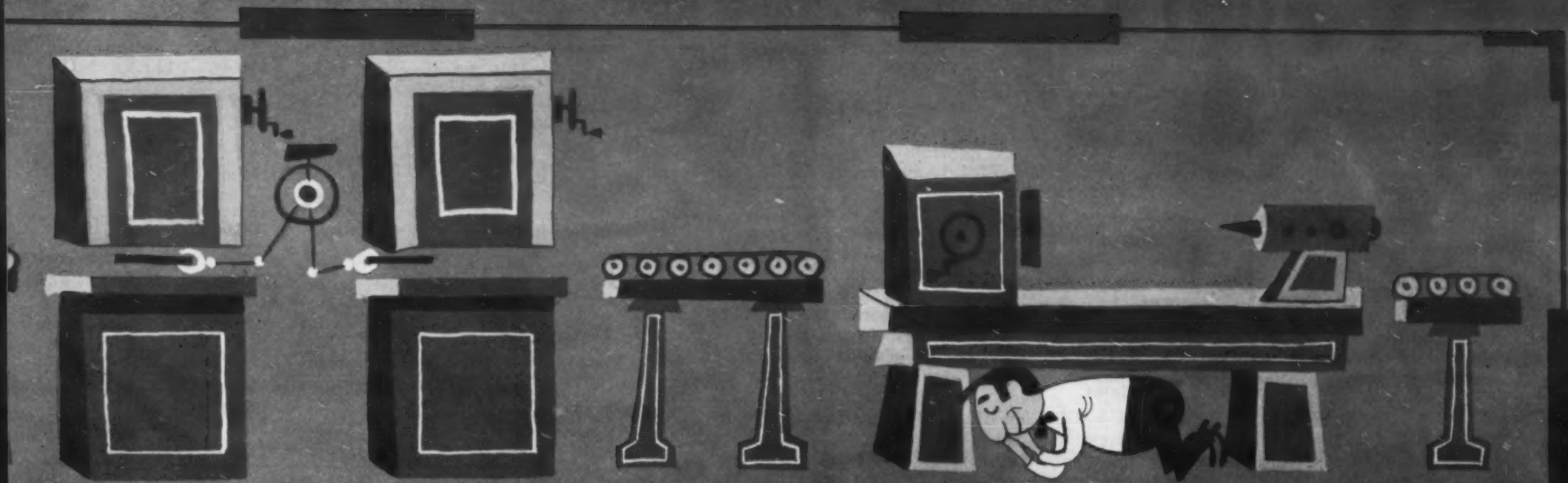


PRODUCTION TECHNIQUES:

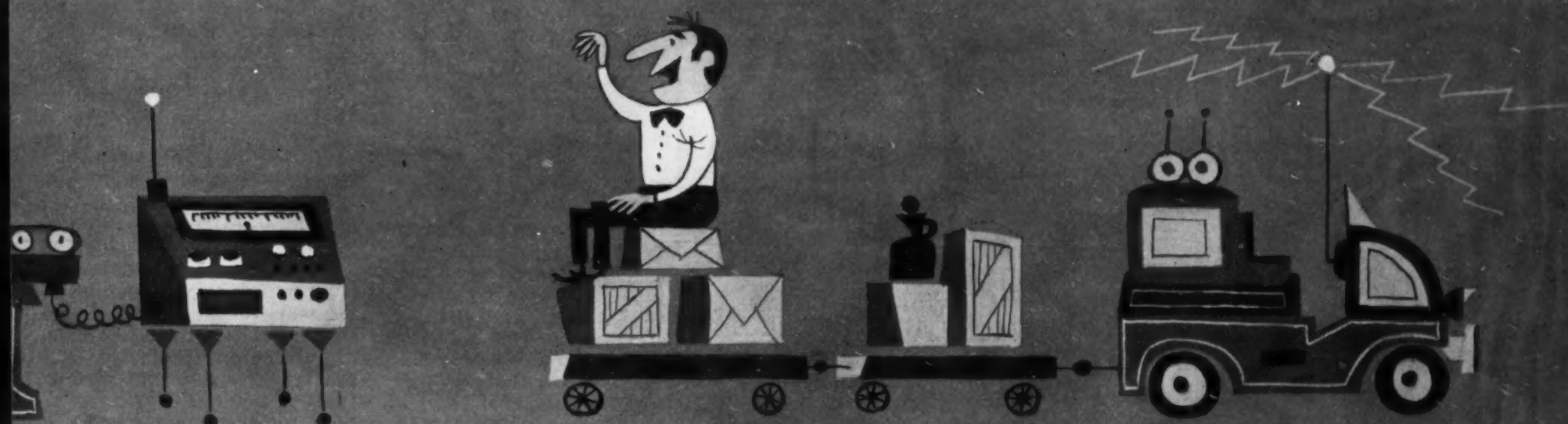
1. Parts from powder metal... 2. forming cold metal



PROCESSES: Computers will take over process control



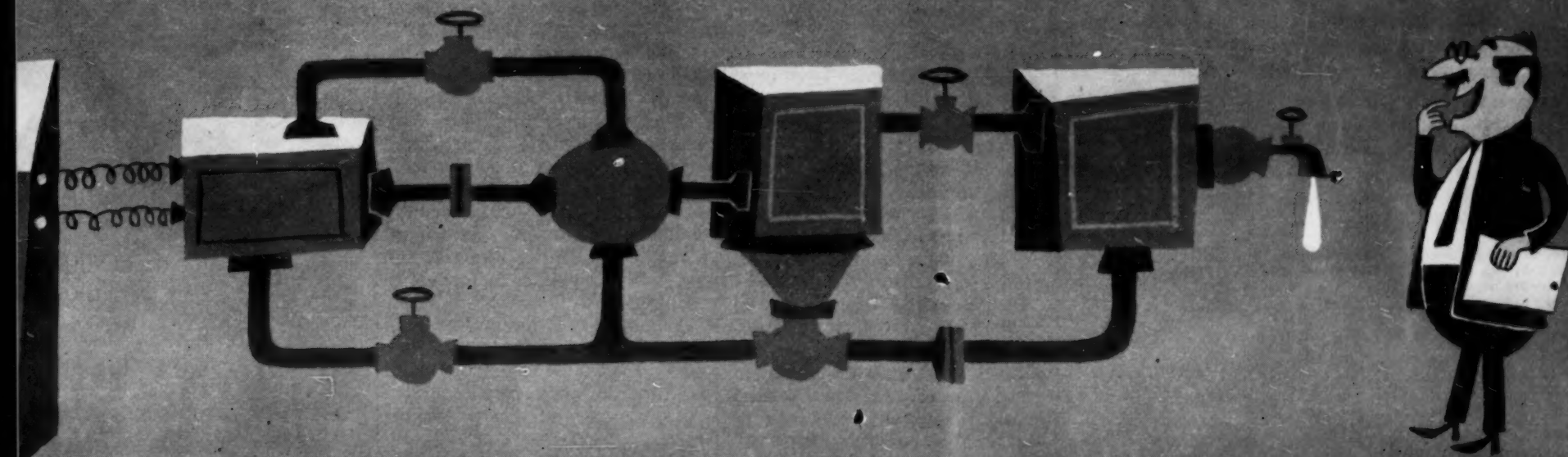
at to do while mechanical arms move materials between faster, more rugged machines.



the touch of a button while tractor trains run unattended throughout the plant.



3. machining by electrical discharge... 4. explosive forming of metals... 5. assembling with adhesives.



forcing today's worker to upgrade his skills. This means fewer workers, more managers.

Coming: A New Boom in Air Freight Shipments

(Continued from page 1)
more as:

- New specially-designed jet cargo aircraft take over freight-carrying chores. Air freight rate reductions of 50% and more are forecast in an effort to match rail and truck competition. Some air freight carriers already have contracted for fleets of 400 mph. 65,000-77,000 lb. capacity jet-prop cargo ships that are scheduled to go into service starting in 1961 at substantially reduced operating costs.
- Industrial buyers and shippers widen application of the "total cost concept" advocated so strongly now by United Airlines and other air traffic experts. This is where shippers justify the current high initial cost of air freight by lower inventory and other cost savings resulting from quick shipment benefits.
- Carriers further improve

containerization and loading and unloading procedures and speed up ground delivery services.

Air cargo men figure it's about time purchasing and traffic experts junk the notion that air freight shipments are necessarily pint-sized. The Flying Tiger Line, for example, recently flew

Air Freight—Corresponds to rail and truck freight shipments.

Air Parcel Post—A U. S. government mail classification with strict weight and size restrictions.

Air Express—A division of railway express with rates favoring lightweight traffic.

a 17-ton shaft from Newark, N. J., to a ship stranded for repairs at Palermo, Italy.

The air cargo product candi-

date list grows almost daily. Already large quantities of machinery and parts, machine tools, electrical equipment and parts, auto parts and accessories, aviation parts, and guided missile components, have gone by air freight.

Other items on the expanding list include: electronic parts and units, pharmaceuticals, film, printed matter, clothing, perishable foodstuffs, flowers, and many other small items.

Air freight moved about 500 million ton miles of domestic shipments last year, compared with 35 million in 1947. About 70% is normal and repetitive business, rather than oft-emphasized emergency shipments.

What industries use air freight and why?

Only last week, Chrysler's International Co. announced plans to fly partially assembled Simca cars from Continental manufacturing points to Britain for final assembly at a plant near London. Other examples:

- Boeing in Seattle cut about \$750,000 from engine costs on its new 707 Jetliner by having all engines flown in from the Pratt & Whitney plant at Hartford, Conn. Air movement eliminated need for special containers (at \$2,700 each) and eliminated or reduced shipping damage.

- American Optical Co. distributes lenses and frames from its central factory to branch outlets by air and reports the method cuts branch inventory load and damage claims.

- Ford reduces local inventory requirements by distributing replacement parts by air.

- National Drug Co. eliminated a Toledo warehouse on the strength of air shipment benefits.

- I.B.M. has shipped computers and other business machines by air for 15 years, finding it the most efficient method for long-distance delivery. Simple packaging reduces storage and sorting problems.

Air cargo carriers see most products except heavy low-unit-cost bulk materials (such as coal) as potential customers.

It is here that the "total cost concept" principle enters the picture and the "purchasing agent must become aware of it," E. L. Dare, cargo development manager for United Air Lines, told PURCHASING WEEK. "He must obtain all applicable cost figures to make intelligent decisions on shipment methods."

Dare complained that "too many P.A.'s automatically specify 'cheapest' way of transportation and ignore the fact that speed of air freight often can make up for its high initial cost and offers real savings."

John L. Higgins, sales vice president for the Flying Tiger Line, also notes that "some companies can buy on a closer delivery basis when using air freight and hand the warehousing problem back to the manufacturer."

Furthermore, users of air freight tout a long list of supply management benefits. These include: savings on warehousing interest, insurance and taxes through increased inventory requirements; smaller inventory deterioration and obsolescence factors; expanded marketing opportunities and new sources of supply; lower damage claims; and reduced warehousing; and traffic

McGraw-Hill Indexes			
	Latest Month	Month Ago	Year Ago
Basic Chemicals Price Index	110.5	111.9	110.6
Chemical Week 1947 = 100			
Construction Cost Index	806.7	795.2	762.5
Engineering News-Record 1913 = 100			
Electrical Materials Cost Index	112.6	112.5	110.3
Electrical Construction & Maintenance November 1951 = 100			
Metalworking Products Price Index	158.6	158.6	155.9
American Machinist 1947 = 100			
Non-ferrous Metals Price Index	121.0	120.9	105.1
Engineering & Mining Journal 1947-49 = 100			
Petroleum Refinery Products Price			
Averages Index	88.8	90.9	88.4
National Petroleum News January 1957 = 100			
Plant Maintenance Cost Index	176.0	175.5	169.1
Factory 1947 = 100			

administration labor cost.

A handy rule of thumb for air freight vs. surface carrier decisions is: Air freight probably is competitive when the distance to be traveled exceeds 500 miles and/or product value exceeds \$2 a lb. John C. Emery, Jr., sales vice president of Emery Air Freight, suggests that product value as low as \$1.50 per lb. makes an airways candidate.

In any event, it is not worthwhile to ship low-value commodities, such as pig iron, by air, and it is clear that the economic advantages of air freight increase with the shipping distance.

Comparison will show that even now air freight rates are often lower than Railway Express tariffs for medium and long hauls in some areas. The time element is definitely improved.

Three types of air freight firms operate in the field:

- Regular passenger airlines that presently carry the bulk of air freight cargo.

- Specialized air cargo carriers, which include the Flying Tiger Line, Riddle Airlines, Slick Airways, and the Seaboard & Western Airlines. They make both scheduled and nonscheduled flights.

- Air freight forwarders who operate much as rail and truck freight forwarders and consolidate shipments for rate savings. This group includes A.B.C. Air Freight Co.; Allied Air Freight; American Shippers; Emery Air Freight; Shulman, Inc.; and W. T. C. Air Freight.

Air freight men admit to several unsatisfactory service points:

In addition to ground-handling delays, inter-line transfers presently plague the industry. Emery points out that no single airline reaches more than 110 of 500 airports that domestic commercial airlines serve.

But improvements are on the way. Palletizing and containerizing of freight loads is advancing.

United, for example, has contracted with Railway Express and other city carriers to deliver merchandise from airports.

The Flying Tiger Line recently reached a working agreement with 33 truck lines under which the truckers will act as feeders to terminals.

Emery also is integrating with surface transportation and now subsidizes a New England trucker to provide guaranteed service from remote areas to airport cities.

Confidence in the future of air freight is underscored in the recent multi-million dollar contracts signed by the Flying Tigers, Slick Airways, Seaboard & Western,

American Airlines, and other air-freight concerns for huge and speedy cargo airliners.

The Flying Tigers recently placed a \$55 million contract for ten Canadair CL-44 prop jets, which have a cargo capacity of 65,000 lb. and can be loaded in less than 20 min. Seaboard & Western is angling for five of the Canadian ships. Slick Airways is buying six Lockheed GL-207 prop jet Super Hercules air freighters that have a 400 mph. speed, but carry up to 77,000 lb.

Air freight specialists predict that introduction of this type of aircraft will reduce the average cost of air freight transportation to around 10 cents a ton-mile. Current average price is about 22 cents a ton-mile (with considerable variation according to direction and type of shipment).



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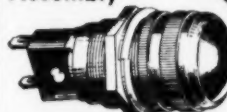
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MINIATURE LIGHTING SPECIALISTS

Product Perspective

AUG. 3-9

The machines and techniques inside the walls of the factory of the future (see p. 12) already have alert purchasing executives pondering the effects on their function.

There is no getting away from the one basic fact: The products, techniques, and services you will be dealing with will be far more complex than they are today. It is equally certain that the methods you use to buy will not radically change.

Raw materials will still have to be fitted into a production schedule, still be subject to shortages and other vagaries, still have to be negotiated for price. Much the same is true for other kinds of purchases.

The complexity and variety of things available, though, will demand new skills from the purchasing executive. Particularly, a better grasp of technical things will be needed. Closer relationships with engineers and production people will need better cultivation.

For more reasons why this is so, look at what is happening within the engineering profession.

Such specialties as producibility engineering, reliability engineering, and cost engineering are fast assuming major importance.

Each one directly concerns the purchasing executive:

- **Producibility engineering** because it seeks to find out if this product can be made.

- **Reliability engineering** because it seeks to find out what has to be done to a product to make it more reliable.

- **Cost engineering** because it seeks to find out where a product's cost can be shaved.

Purchasing's old and familiar skills—value analysis, standardization, knowledge of supplier's capabilities—could form the backbone of its contribution to the solution of each of the above problems. Also, they are skills that could easily pass into engineering.

Obviously, tomorrow's stand-out purchasing executive will have polished and developed these skills. Added to that will be his knowledge of how the things on pages 12 and 13, and others like them, fit into his factory's operation.

• • •

The future's factory looks to be a pushbutton affair. Because of this there's some concern that purchasing and other functions might succumb to the machine. This is not so.

The computers and the integrated data processing techniques (see P.W., July 27, '59, p.12) coming into prominence are no more than tools that help the purchasing executive do a better job. By the same token, they can increase his stature if:

- **He controls the computer's use in the purchasing area.**

- **He seizes the time released to him by the computer to develop his value to management in the new areas related to purchasing.**

Another thing about the factory of the future: **Pushbuttons will call for far more managers and supervisors than today's plants.** This could mean stiff

competition within the managerial level—competition in terms of who is more valuable to top management.

• • •

A sober look at reliability: Reliability depends partly on the over-all reliability desired in the finished product and on how many parts make up the assembled product.

These are some figures based on a report by Federal Products Corp.:

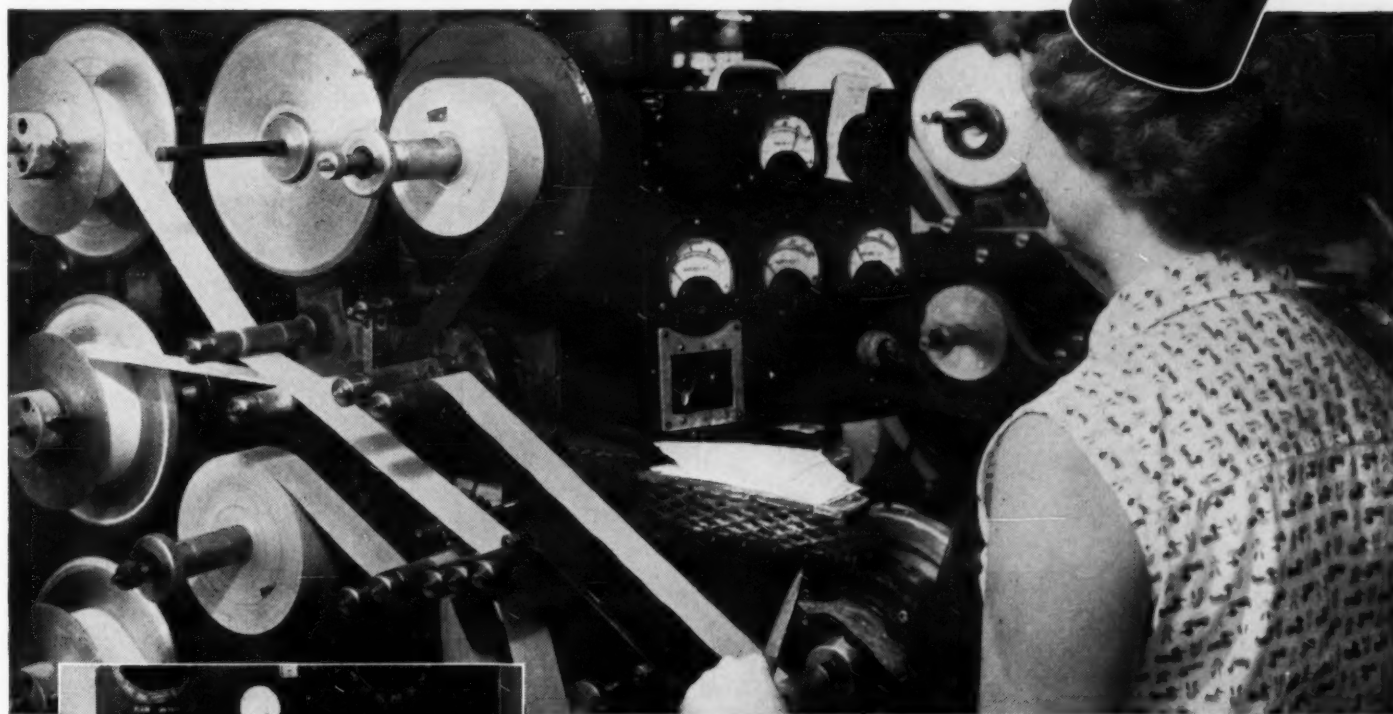
In a 10-component assembly, if each part has a reliability of

99%, the over-all assembly is only 90.44% reliable. When the number of components goes to 100, each with the same reliability of 99%, the over-all reliability drops to 36.6%.

When you have assemblies of 500 parts, each part with 99% reliability, over-all reliability becomes an infinitesimal 1%.

It doesn't take much imagination to see how important reliability is. Nor does it take much imagination to see how important each purchased part is to the functioning of the over-all product.

Less Than 0.1% Field Failures with Mallory Time-Tested Motor Capacitors



Every Mallory motor capacitor is tested for capacitance while foil is being rolled to assure accurate capacitance.



Dielectric tests are made before encasing the cartridge as shown here... followed by complete tests on the finished capacitors.

Before shipment, every Mallory motor-start capacitor you buy for your appliances and motors gets a thorough check by our inspectors. Each capacitor undergoes three tests: for capacitance during roll up, for freedom from shorts before encasing, and for electrical specifications on the completed units. In addition, quality control samples are regularly given extended life tests at high temperatures—others go through hundreds of thousands of start-stop cycles to determine their ultimate service life.

The result: actual records prove that field failures of Mallory motor-start capacitors average well under 0.1%. This kind of quality cuts your warranty replacement costs, adds to the reputation of your equipment.

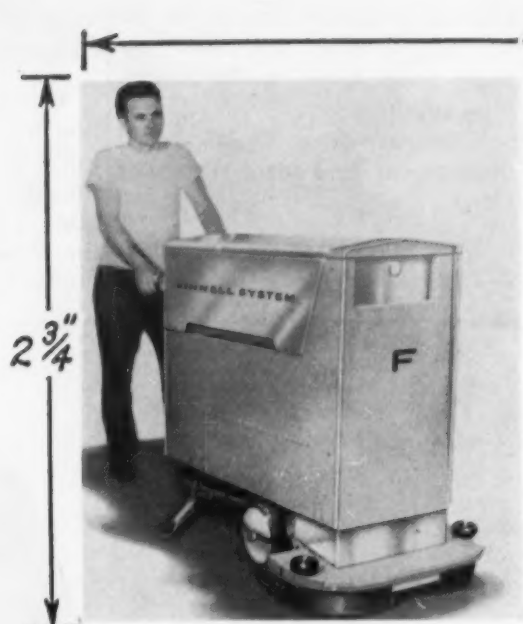
Over 25 years of Mallory pioneering in motor capacitors have provided constantly higher temperature ratings, more compact designs, higher current ratings, greater range of capacities and voltage ratings, built-in bleeder resistors. Write today for full data and for a consultation with a Mallory engineer.

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Scrubber Vacuum

Is Battery Powered

Battery-powered combination scrubber-vacuum cleaner can clean up to 21,000 sq. ft. of floor space an hour. It has two counter-rotating 11 in. brushes to maintain and damp-dry a 20 in. (Mark 20) or 24 in. (Mark 26) path. Both models have a 17-gal. solution tank and a 19-gal. pick up tank. Battery life varies from 6 to 8 hr. depending on floor condition. A compact battery charger is included with each model.

Price: \$1,745. (Mark 20), \$1,995. (Mark 26). Delivery: immediate after Sept. 1.

Finnell System, Inc., Elkhart, Ind. (P.W., 8/3/59)

Size permits you to paste
on 3x5 card
Copy gives only pertinent
details, cuts your
reading
How much it costs and
how soon you can get it
You'll know when item
appeared



Electric Typewriter

Lightweight Model

Electric typewriter weighs only 19 lb., about half the weight of standard electrics. Keyboard is full sized, and the machine can handle paper up to 12 1/8 in. wide. Comes in three colors in a wide variety of type styles. It is said to be the cheapest electric available.

Price: \$179.50. Delivery: immediate.

Smith-Corona Marchant, Inc., Syracuse, N. Y. (P.W., 8/3/59)

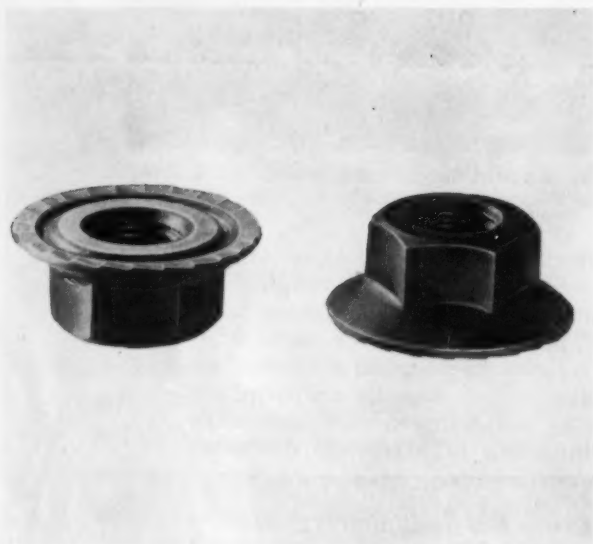


Bench Shear

Can be Moved to the Job

Bench shear weighs only 8 lb. and can be easily taken to the job, eliminating cost of moving materials to the shear. It can cut sheet steel up to 3/32 in. thick in any length or width, non-ferrous metals, rods up to 1/8 in., wire, leather, paper, or stainless steel. Cutting blades can be removed and re-sharpened. It cuts the material with one stroke, leaving no burr.

Price: \$29.95. Delivery: immediate. Edwards Mfg. Co., Albert Lea, Minn. (P.W., 8/3/59)



Locking Fasteners

Eliminates Washers

Flanged, high tension, locking fasteners are said to eliminate need for washers in assembly of metal products. Fasteners available in sizes from No. 6 to 3/8 in., screws in any length from twice diameter and up.

Price: 1/4 x 3/4 in. hex screw \$8.11/M; nut, \$8.28/M (subject to disc.). Delivery: immediate to 6 wk.

Russell, Burdall & Ward Bolt & Nut Co., Port Chester, N. Y. (P.W., 8/3/59)



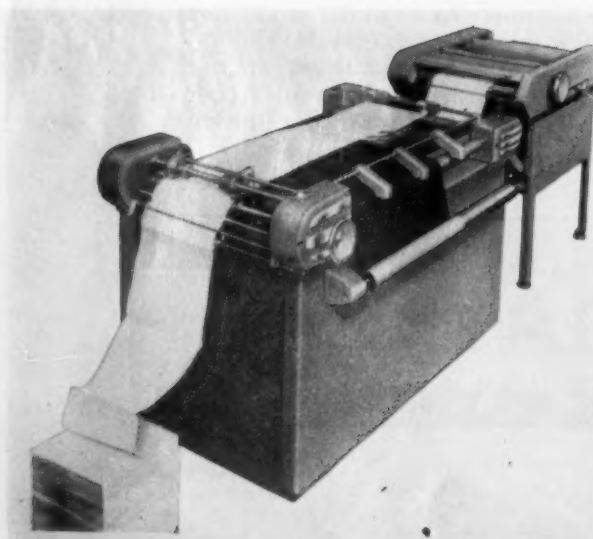
Goggle-Respirator

Has Filters for Many Applications

Full face combination goggle and respirator is molded from flexible rubber and has special ridge to keep the exhaled air from reaching the goggle section. The respirator section has a twin cartridge combination with filters available for protection against dusts, mists, fumes, gases, sprays, vapors, radioactive particles, or combinations of these hazards. The mask will fit over all types of personal glasses.

Price: \$18. to \$21. Delivery: immediate.

American Optical Co., Southbridge, Mass. (P.W., 8/3/59)



Deleaver

Removes Carbons

Powered deleaver removes carbon paper between copies from continuous tabulating forms which must remain fastened at one side for mailing, later entry, or further handling. It can remove up to 7 carbons in a single pass. It handles forms up to 17 in. long, 18 in. wide.

Price: \$960. Delivery: 90 days.

Uarco Business Forms, Inc., 300 W. Congress Parkway, Chicago, Ill. (P.W., 8/3/59)



Time Switch

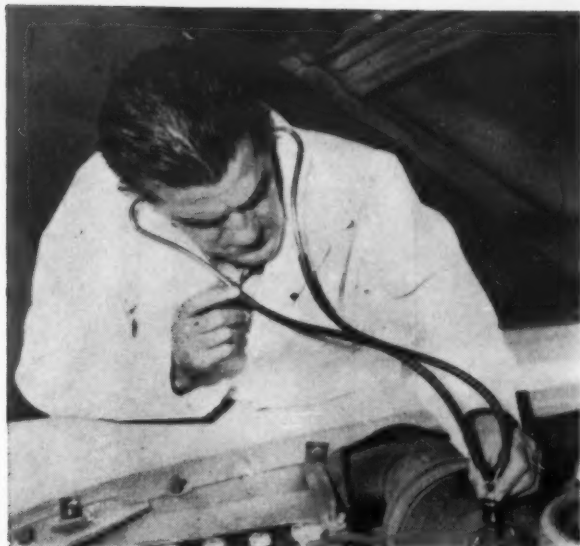
Can Handle 24 Operations a Day

Time switch can be set for from 1 to 24 on-off operations a day, at a maximum rate of one per hour. All periods must be the same durations, but their length can vary from 2 to 55 min. The time when the on period starts during the chosen hour can be adjusted to the nearest minute. No tools are required for setting or changing schedules. Equipped with a heavy-duty motor with a temperature range from -60 to +160 F.

Price: \$24.95. Delivery: immediate. Tork Time Controls, Inc., Mount Vernon, N. Y. (P.W., 8/3/59)

New Products

Another PURCHASING WEEK service: Price and delivery data with each product description.



Stethoscope

Finds Machine Faults

Industrial stethoscope enables mechanics to detect faint knocks, taps, leaks, etc. Aids in locating loose joints, faulty bearings, mechanical flaws, and other trouble spots in automotive, maintenance, and operating departments in the plant.

Price: \$2.95. Delivery: immediate.

Edmund Scientific Co., Barrington, N. J. (P.W., 8/3/59)



Vernier Depth Gage

Has Long Scale Plate

Vernier depth gage has dull chrome finish with jet black gradations and a long vernier plate, 1.255 in., which provides readings in 0.001-in. increments. The vernier gradations are flush with the blade gradations, eliminating parallax. A spring clamp holds the blade in position until pressure is applied. Available with both 6 and 12 in. blades with or without case. Base is 2 3/4 in. wide.

Price: \$33. (6 in., no case) to \$54. (6 and 12 in. with case). Delivery: immediate.

Brown & Sharpe Mfg. Co., Providence, R. I. (P.W., 8/3/59)



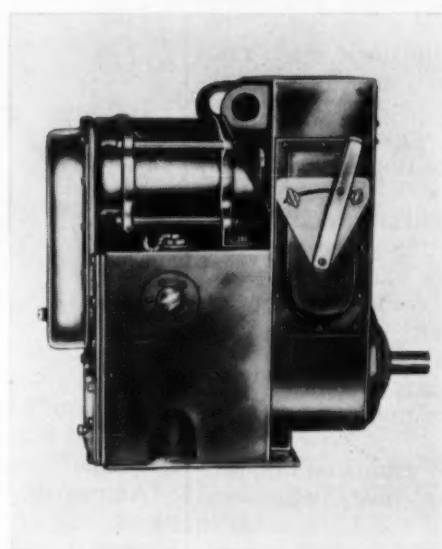
Non-Skid Additive

Can be Added to Paint

Non-skid compound can be added to any paint, lacquer, enamel, or varnish. It will not change the color of the paint and is expected to find use in improving safety characteristics of cement floors, scaffolds, steps, docking platforms, etc.

Price: 69¢ (1/4 lb. package). Delivery: immediate.

Solfo Paint Mfg. Co., 817 Pennington Ave., Trenton, N. J. (P.W., 8/3/59)



Hydraulic Transmission

Varies from 0 to 350 Rpm.

A 1 1/2 hp. hydraulic transmission gives infinitely variable speed from 0 to 350 rpm. in either direction. Forward and reverse speeds can be set identical or different as preferred. Output shaft is 1-in. dia. with standard keyway. Designed for heavy-duty applications where both variable speed and instant reversing are needed. Motor available in either single or three phase 60-cycle models. Contains integral torque multiplier for high torque applications.

Price: \$147.50. Delivery: immediate. Roberts Mfg. Co., 849 W. Grand Ave., Chicago, Ill. (P.W., 8/3/59)



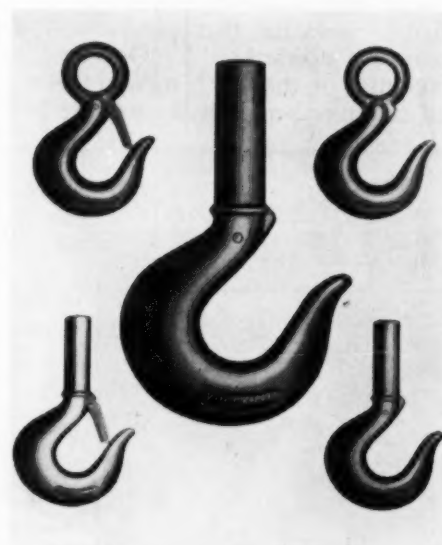
Carbon Paper

Keeps Fingers Clean

Carbon paper package enables collating carbons with copy paper without having to touch the carbon. One edge of the carbon is left uncoated to facilitate handling. The collated sheets are positioned for easy removal from the package by an elevating knob in the corner.

Price: \$3 to \$5 package. Delivery: immediate.

Kee Lox Mfg. Co. Dept. 103, 10 Kee Lox St., Rochester, N. Y. (P.W., 8/3/59)



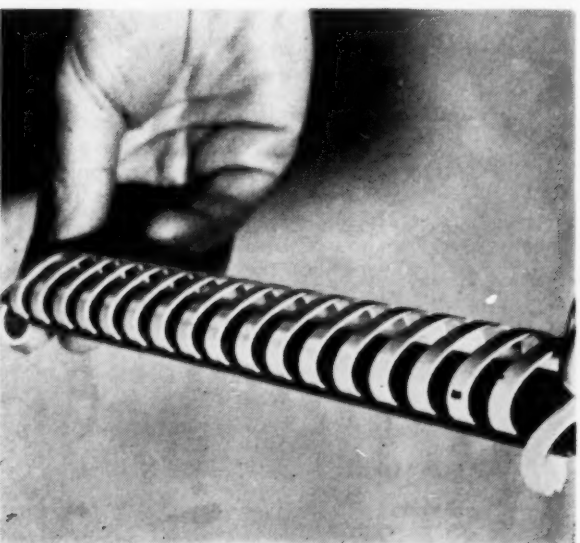
Hoist Hooks

Made of Alloy Steel

Alloy steel hoist hooks give 25% greater load capacities than carbon steel hooks of the same size. This gives extra capacity without increasing the size or weight of the hook or permits using an alloy hook one size smaller than a corresponding carbon steel hook still keeping the same capacity. Capacities range from 3/4 to 68 3/4 tons safe working load, using a safety factor of 4. Available in eye pattern and shank pattern models.

Price: Typical eye pattern, \$1.26 (1 ton); \$6.62 (6 ton); \$15.40 (10 ton). Delivery: immediate.

J. H. Williams & Co., 400 Vulcan St., Buffalo, N. Y. (P.W., 8/3/59)



Loose Leaf Binding

Easy to Update

Zip-Lox loose-leaf plastic binding can be used in office binding machines, but is easy to keep up to date since no special tools are needed for changing or adding pages. Plastic rings are spaced 19 to the 11-in. size. Available in variety of sizes and colors.

Price: 20¢ to 58¢ (1, 1 1/2, 2 in. dia. by 5 5/8 to 21 1/2 in. long). Delivery: 2 to 3 wk.

General Binding Corp., 1101 Skokie Highway, Northbrook, Ill. (P.W., 8/3/59)

Purchasing Week Definition

Electric Motor Terms

Armature—Rotating unit carrying conductors that move through a magnetic field (see below).

Rotor—Same as above.

Stator—Stationary part of motor. Contains conductor windings that generate a magnetic field.

Field—General term applying to the region in an electric motor under the influence of magnetism. The magnetism is generated by a field coil consisting of an insulated winding around a field pole. Electricity passes through the coil to pro-

duce a constant-strength magnetic field.

Commutator—Cylindrical arrangement of copper segments mounted radially on an armature shaft. Each segment is separated from its neighbor by insulation. Each connects to an individual armature winding. Electricity is introduced to each winding by brushes which make contact with the segments as the commutator turns.

Brush—Metal or carbon block used to make contact with a rotating commutator. Brushes are attached to an external source of electricity. (P.W., 8/3/59)



Purchasing Week SPECIAL REPORT

(Continued from page 1)

they do. Nobody knows how long or in what amounts they will deal. And the Soviets' lightning tactics always upset others in the markets.

"Historically, the Russians have not been world traders," Henry Kearns, Assistant Secretary of Commerce told PURCHASING WEEK. But this has not stopped them from disrupting world commodity markets a number of times in the past few years, he added.

From the look of things, the Soviets are in the world commodity markets for keeps. Free world purchasers must be ready for unexpected Soviet forays, based only on political considerations and the current whims of those in the Kremlin.

"Considering the Soviet Union's need for consumer goods and capital equipment, especially for its growing petrochemical industry, . . . this selling situation is likely to get a great deal worse," said Sen. Hubert Humphrey (D., Minn.). "For this activity provides the purchasing power for carrying on with the import program of the regime, which has always been the prime objective of their whole trading operation. And as more goods become available,

more will be exported, for the simple reason that the Soviet appetite for Western products is still growing," the senator added.

The growing potential of the Soviet Union as an exporter of basic industrial raw materials can be seen in the chart above. Note how, under its planned economy, the U.S.S.R. has been able to increase its industrial production at an almost unbroken rate. Soviet output in 1959 will be about 187 (1953=100) compared to 113 for the U. S. and 137 for Western Europe.

Of course, Soviet production still lags quite a bit behind the U. S. total. But their sharp rates of yearly gain and heavy concentration on industrial, as opposed to consumer, goods will soon put them in a position to be sharply competitive with the free world in many industrial products.

Output figures from the "Soviet Bloc" are hard to come by, and their accuracy is doubted by many experts. However, there is no question as to the rapid industrial strides that the Soviets have been making in the past 10 years.

It is reliably estimated that production of the "bloc," which was some 33% of the U. S. total in 1950, was close to 45% of our total in 1958 and last year Russian exports rose 15% over 1957.

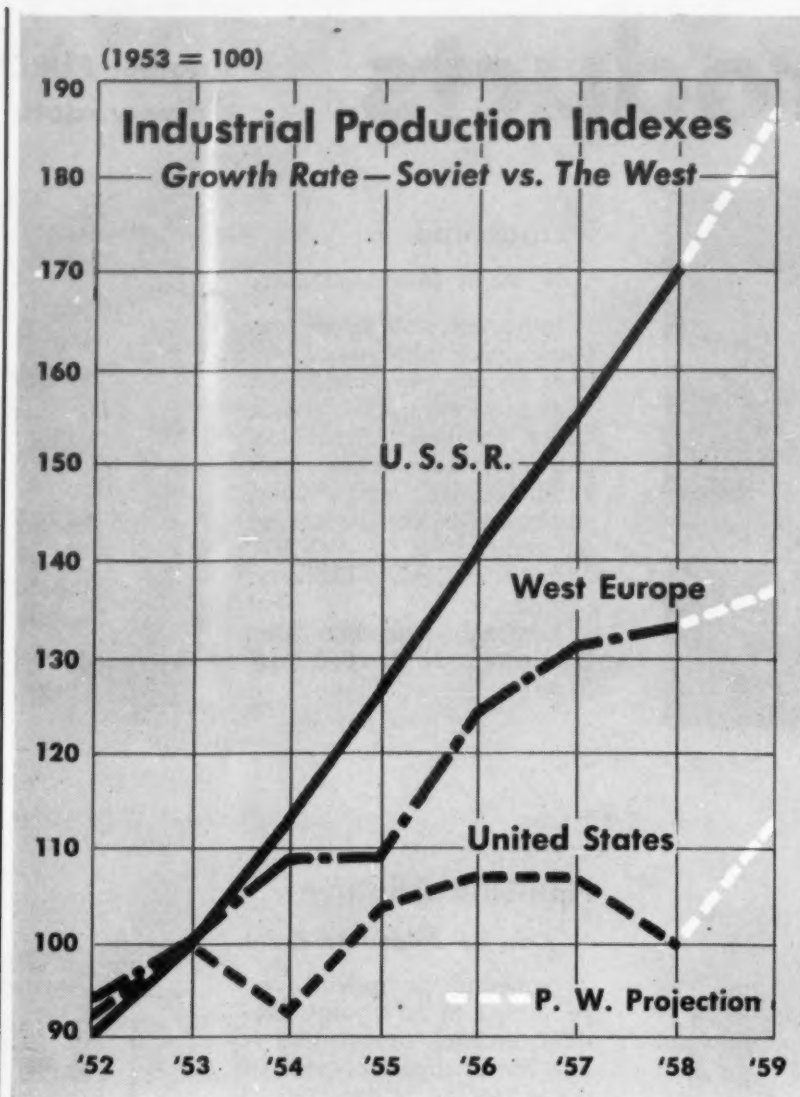
Although this total Soviet world trade was still relatively small, the figures indicate that the trend is strongly upward.

And the potential of these 12 nations, which cover one-quarter



"SELLING SITUATION is likely to get a great deal worse."—
Sen. Hubert Humphrey (D., Minn.)

What's Behind Russia's Role in World



Purchasing Week, Aug. 3, 1959

selling at uneconomic prices not only possible, but likely.

The Soviet's intention of increasing its activity in world commodity markets was expressed to PURCHASING WEEK recently by Mikhail Kuzmin, Deputy Minister of Foreign Trade for the U.S.S.R. Regarding Soviet world trade activity in the next seven years he said: "The volume of our foreign trade will at least



"... OUR FOREIGN TRADE will at least double."—Mikhail Kuzmin, Deputy Minister, U.S.S.R.

double. And this expansion in world trade will include commodity buying and selling."

At the present time the Soviet Union has platinum and chrome to sell. And in the future many other commodities will be added to this list, Kuzmin explained.

This expected increase in Soviet world commodity activity, and the nature of the system we are dealing with, has lead many responsible officials to believe that a new approach to the problem is necessary.

"We must realize that economic isolationism, like military isolationism, has gone out the window." Rep. Donald Irwin (D., Conn.) told PURCHASING WEEK. "We are not now well

of the earth's surface and contain close to 1 billion people, can not be underestimated.

Among the raw materials that purchasing agents can expect the Soviets to sell in world markets in the next few years are: petroleum, aluminum, tin, zinc, coal, potash, benzene, asbestos, lumber, flax, graphite, mica, platinum, and gold.

One basic factor that businessmen in this country must come to appreciate is that Soviet activity

in world trade is not necessarily guided by supply and demand or by motives of profit. For the Soviet Union, trade is a political weapon. "We trade for profit, she trades for power," said Senator Humphrey.

Operating as one large trading unit, under central control, the Soviets can buy or sell a tremendous quantity of raw materials at one clip. And political considerations often provide the "profit" that makes buying or

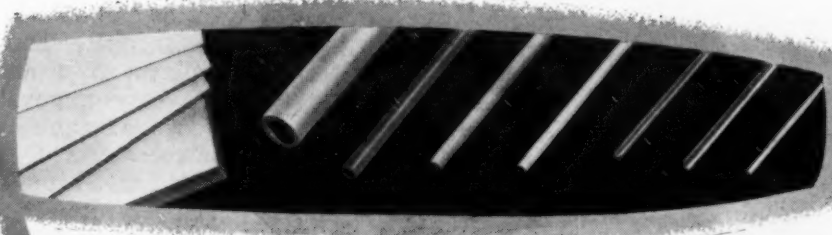
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Commodity Markets?

prepared to meet this commodity problem. In fact, there is a question of whether we can fight this Soviet activity on a long-term basis under our present economic system," he added.

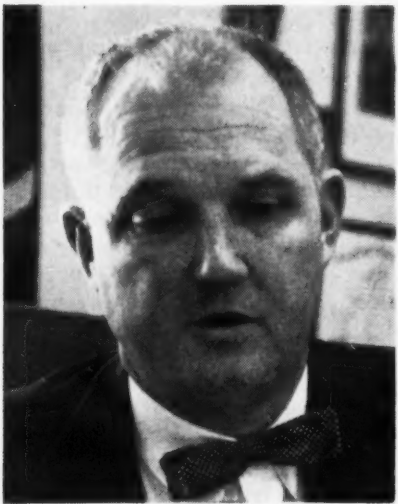
One possible way of meeting this threat has been proposed by Rep. Thomas Curtis (R., Mo.), who has introduced a bill in the House of Representatives calling for a U. S. "State Trading Corporation."

"In international trade we need some technique to combat Soviet breaking of a commodity market. My bill is not a crutch, but only a device to be used in emergencies," said Curtis. "It would enable us to react almost immediately to Soviet market attacks," he explained.

Curtis feels that the presence alone of such a "corporation" might discourage the Soviets from dumping commodities on the world market. In use, the "corporation's" funds could bolster sagging markets through U. S. purchases, or subsidies might go to sellers of goods whose prices were depressed by Soviet market activity.

Funds could also be used to undercut Soviet prices in markets where the Reds were offering cut-rate commodities.

Curtis realizes that his bill has



"MY BILL is not a crutch, but only a device to be used . . ."—Rep. Thomas Curtis (R., Mo.).

little chance of becoming law. But he looks upon it as a starter or "the bones on which to put the meat." He hopes that further study and consideration, such as is currently being done under a Joint Economic Committee project, will alert the Congress to the current need for legislation in this area.

The State Department opposes the Curtis bill on the grounds that we would be inviting fruitless economic battle with the Soviets. It believes that if we undercut Communist prices in world markets we would be inviting the wrath of the free nations who were being hurt by

the lower prices.

As for buying up surplus commodities to strengthen world prices, the department feels we would wind up buying items that underdeveloped countries wanted to get rid of when the Soviets feigned interest in the purchase of such commodities.

Meanwhile, the State Department is attacking the situation in a different way. Under Robert Terrill, a committee on economic affairs has been created. This group will attempt to coordinate the work being done by the State Department in various bureaus, aimed at combating the Soviet economic offensive.

It is hoped that by investigating and coordinating the details of the Soviet economic challenge, the administration will find new ways of boosting U. S. exports overseas. The department feels that this is the best direct answer to this growing problem.

Another angle on this situation is expressed by Secretary Kearns, who seems to reflect the State Department's belief that we should not get involved in a massive subsidy program.

"We are constantly studying Soviet economic activity, but it is impossible to determine which way it is going to move. Furthermore, we cannot expect to meet them in every market which they enter," he said.

"Most people in world trade want a stable operation and dependable sources. We must build a substantial base of world trade, one that foreign nations can rely upon," said Kearns. In this way we can, in the long run, most successfully combat the Soviet threat in world markets. For the Soviets can't uneconomically stay in the world markets for long, either as buyers or sellers, he explained.

Rep. Keith Thomson (R., Wyo.) feels that more specific action—when U. S. producers are involved—is necessary. "I believe that we must change our foreign trade policy to deal in world markets. Whenever a domestic industry is suffering damage from foreign dumping, the tariff commission should move in and establish quotas. Under these quotas, domestic producers would be guaranteed a fluctuating percentage of the market," he said.

Thomson realizes that this would require a basic reevaluation of our trade policy, but he feels it must be done, and the time to do it is now.

One of the most lucid examples of Soviet commodity market ac-



"I BELIEVE that we must change our foreign trade policy . . ."—Rep. Keith Thomson (R., Wyo.).

tivity is the story behind the collapse of the international tin market in 1958. Within eight months of the time that Russian tin was accepted for trading on the London Metal Exchange, the Soviets broke the back of the International Tin Agreement.

Although the exact reason for the heavy Soviet selling on the London market was never clear, the facts indicate that a well thought out and deliberate plan was behind the Russian move. For both prior to, and after 1958, the Soviets have not been heavy tin sellers.

TIN

In 1957, Russian tin exports amounted to about 9,000 tons, while in 1956 their exports were negligible. Yet by the end of 1958, Russia had shipped some 18,000 tons of the metal abroad.

Supported by member nations, the International Tin Council purchased Russian tin at its London support price through early September of the year. But on Sept. 18, after apparently running out of funds, the council withdrew its support of the market.

The price reaction was immediate and severe. Tin tags dipped by over 11¢ a lb. in London and by close to 9¢ a lb. in New York. Tin prices rebounded rather quickly after that as Soviet activity in the world market began to wane.

Although refusing an invitation to join the International Tin Council, Russia, early in 1959, agreed to limit her exports of tin to "non-bloc" countries to 13,500 tons annually.

So far this year, Russian exports have been below the average allowable under the agreement. Some sources are concerned over the possibility that Russia may save most of her allowable exports for one big series of sales at the end of the year. Others feel that Russia could circumvent the agreement at any time through the use of another "bloc" nation. In any case, we may not have heard the last from the Soviets on the tin situation.

Another interesting factor was added to the picture when Russia released some tin statistics early this year. They indicated that in both 1957 and 1958, Russia was a net importer of tin. In 1958 alone, her imports exceeded her exports by almost 4,000 metric tons.

It is known that Russian imports almost all of her tin from Red China. And since both her own and Chinese consumption needs are rising rapidly, her activities in the world tin market will probably be more limited in the future.

Operations of this kind in world commodity markets can have drastic effects on small producing nations. In 1958, Bolivia was brought to near bankruptcy, while Malaya and other producing countries suffered a great deal from the Russian selling.

"Russia does not have enough tin production to sell on the world market. Her action here represented a national objective," said Rep. Irwin. "And it wouldn't have mattered even if she had operated at a deficit in this selling operation," he added.

It is difficult for us to realize the operation of a one-product



"RUSSIA does not have enough tin production to sell . . ."—Rep. Donald Irwin (D., Conn.).

economy, explained Irwin. "For Bolivia, tin represents a major portion of the nation's income. A price cut of 2-3¢ a lb. can have a drastic effect on the economy of the nation."

When it comes to world commodity activity, the Soviets have by no means limited themselves to selling. In a number of instances, their purchases have been a significant factor in sharply boosting the price of a certain commodity.

Although the results of such activity are not so direct as they are when there is heavy Soviet selling, there are two important effects of heavy world commodity buying on the part of the Soviets.

1. Heavy world buying can make a small producing country heavily dependent upon Soviet purchases. This can easily lead to a political "foot in the door" for the Communists.

2. Soviet purchases can drive

the world price of a commodity up by significant amounts. This increases the cost for purchasers throughout the world.

WOOL

One area where Soviet efforts seem to cover both of the above situations is wool. Starting in 1955, the "Soviet bloc," led by Russia, started importing raw wool. In 1957, Soviet wool imports rose close to 20% over 1956, and early in 1959 Red China joined a number of "bloc" members in heavy purchasing on the world wool market.

This combined buying helped cause raw wool tags to shoot up earlier this year. Quotations in various U. S. cities were over 10% above their similar 1958 levels at times during the past few months.

In the process of these wool purchases, Russia has built up a significant trade relationship with both Argentina and Uruguay. In the case of Uruguay, Soviet trade has become quite heavy. During the 1957-'58 production year, the "bloc" nations purchased about 27% of Uruguay's wool clip, and in the 1958-'59 season these nations accounted for some 33% of the total.

At the same time, an exceptionally active Soviet Embassy was established in Montevideo. Whether intentional or not, the above situation provides an excellent example of commodity buying as the opening for a joint political and economic Soviet offensive.

"There is no question that Russian purchases of wool contributed to the world price rise.

(Continued on page 20)

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"Our Reciprocal Trade Program Is Out of Date ... Needs Looking Over ..."

(Continued from page 19)
They often buy in areas of trouble," Rep. Thomson told PURCHASING WEEK. It's too early to tell whether they are in this market to influence the world price of just because they need the wool, he explained. "But we must remember that the world price was below normal when they started."

Thomson doesn't think that the present price is inflated. But he feels that the situation must be watched closely to see what the Soviets do in the near future.

PETROLEUM

One area where Soviet selling has been limited, but where the potential is great, is petroleum. Although total Communist exports to the free world have not been large, the year-to-year increase in both 1957 and 1958 amounted to over 40%. Up until now, Soviet oil has been offered in only limited quantities in a few areas. But often this has been done at cut-rate prices, or on barter terms that regular oil companies could not meet.

To this extent, oil has been a political weapon for the Soviets that they have used in such countries as Israel, Iceland, Egypt, Uruguay, Argentina, Sweden, Finland, and Italy.

The future would seem to hold a great potential threat for world petroleum markets in general. Russia alone is planning to more than double current production in the next eight years. And other "bloc" nations are also pushing petroleum output.

This is being done by a massive effort, regardless of cost, which is taking advantage of automated extraction techniques, new pipelines, and expanded tank fleet facilities.

Exactly how much in the way of petroleum products the Soviets will have for export in the coming years is not clear. For internal needs are definitely on the

upswing. However, there is no question that the Soviets will have the oil available if they want to use it for political purposes in world markets.

The extent of the Soviet drive for world oil was emphasized by Sen. Joseph O'Mahoney (D., Wyo.). "Latest news from the Middle East tells us that the Soviets already have taken long



"SOVIETS already have ... taken a position of oil control ..."—Sen. Joseph O'Mahoney (D., Wyo.).

steps in the direction of acquiring a position of oil control in that area.

"They have made a bid for a concession in the Persian Gulf to share the profits of the exploration of this area, which is expected to be unusually rich, on the basis of 90% of the profit to Iraq and 10% to the Soviets.

"This is part of an attempt to break the world price of petroleum," Sen. O'Mahoney told PURCHASING WEEK. For with Iraq getting 90% of the profits, the Soviets can sell at a low price while Iraq still gets more of a gross return on the amount of oil sold, he explained.

"In the light of developments such as these, our reciprocal trade program is out of date,"

said O'Mahoney. "Our trade policies must be used as an implement in the economic war with the Soviets, and our whole economic situation, in regard to the rest of the world, needs a good looking over," he added.

RUBBER

Another commodity in which Soviet purchases have had a significant effect on the world market is rubber.

The "bloc" nations entered the market for rubber on a large scale in 1958. Russia and her satellites are reported to have bought some 430,000 long tons of natural rubber on the world market last year, a boost of better than 50% over 1957.

Buying this year by the "bloc" may outpace 1958. And Red China has chimed in with some heavy purchases of her own.

This buying was the prime factor in causing world rubber prices to shoot up in the past 12 months, with general Soviet practice being to come into the market at low price levels and withdraw when strength develops.

In New York, for example, raw rubber tags are now at their highest point in over two years, some 25% above the similar 1958 level.

During the period of this purchasing activity, the Soviets have made themselves a vital factor in the economic operation of a number of Southeast Asian countries. Russian, Czechoslovakian, and Polish purchases alone accounted for over 5% of Malayan exports in 1958. And Soviet buying from Indonesia and Ceylon also has attained substantial proportions.

Activity of the "bloc" and Communist China in the world rubber market is expected to continue for some time to come. That's because home consumption demands of these nations are expanding rapidly.

For the longer run, the Soviets hope to meet these domestic needs through a massive expansion in their synthetic rubber productive capacity. Soviet leaders hope that this capacity will be expanded by better than 33% above the present level by the end of 1960.

"We know that the Soviets do not have full synthetic development or sources of natural rubber," Secretary Kearns told PURCHASING WEEK. "So their current buying is probably both

that by pattern, the Soviets do not stay in commodity markets very long. So sooner or later they will probably pull out. This is despite the fact that we know they will continue to need a certain amount of Asian rubber," he explained.

Kearns does not feel that we should cut back on our purchases of world rubber, or release part of our stockpiles in response to this Soviet purchasing activity. We buy some 50% of the world's rubber, and producing countries should know that we are in the market to stay, he explained.

ALUMINUM

One area in which we are particularly poorly informed regarding future Soviet activity in the world commodities is aluminum. "We just don't know what the



"WE JUST DON'T KNOW what the Russians will do."—Sen. Warren Magnuson (D., Wash.).

Russians will do. But aluminum is definitely part of their economic cold war," Sen. Warren Magnuson (D., Wash.) told PURCHASING WEEK.

Magnuson and the Interstate and Foreign Commerce Committee of the Senate are looking into this phase of Soviet activity because of the effect on U. S. prices that Red aluminum has had in the past, and can have in the future.

This comes through direct price competition on the world market, which can effect Canadian producers who sell ingot to the U. S., and through importation into this country of foreign fabricated aluminum. Shipments of this nature, have been known to contain certain amounts of Soviet metal.

Soviet aluminum first appeared on the world market in Britain in 1955. In that year, over 2,700 tons of Russian aluminum were sold in England at price premiums of 20% or more.

Red shipments of the light metal reappeared in Britain in May of 1957 on a cut price basis, and similar offerings were made in Belgium and West Germany. These offerings were made on a desultory price basis so that the Soviet aluminum automatically sold below the going world price. Continued selling of this nature, by the spring of last year, was one reason why world aluminum tags dropped 2¢ a pound in April of 1958.

Many observers of the scene feel that this Soviet aluminum activity last year represented a calculated policy of "sharp shooting" against the world price. The Russians claim that the offerings made were of surplus aluminum which was sold only to gain for-

eign exchange.

This Soviet argument however, does not seem consistent with the fact that the sales were bunched—when the best prices could have been obtained by staggering the offerings. Furthermore, the largest Soviet sales were made when the United Kingdom market was weakest.

At the present time, the future regarding Soviet's aluminum activities is clouded. But output of the "bloc" is on the upswing. The Soviet's share of total world aluminum production almost doubled, from 12% in 1946 to 22% in 1958.

The new Soviet seven-year plan provides for a 180% increase in production of aluminum by 1965. And Red China is also in the process of expanding her output of the light metal by significant amounts.

In 1958, Communist China produced some 27,000 metric tons of aluminum ingot. And by 1960 the Reds hope to double this figure. It is conceivable that by 1965 total aluminum output of the Chinese will reach 180,000 tons yearly.

It is known that the Reds will need most of this output to feed their expanding machinery, electric power, and communications industries. But the fact is that this output, plus the rising production of the "bloc" members themselves, will be at least somewhat at the disposal of the men in the Kremlin.

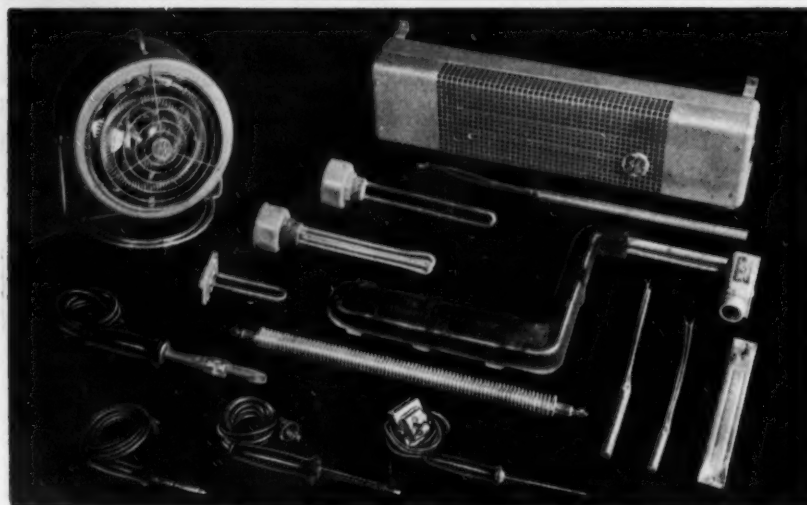
Many aluminum industry spokesmen believe that the U. S. government should take action if the Soviets again start unloading aluminum into the world market. But government officials are generally hesitant because of the effect such action might have on our world trade position.

During his recent interview with PURCHASING WEEK, Sen. Magnuson suggested that we could, if necessary, try to persuade our allies not to buy aluminum from behind the Iron Curtain. We could at least convince them to avoid becoming dependent upon metal from the Reds, or possibly organize a free world economic N.A.T.O. to meet the situation, he suggested.

Magnuson pointed out that dumping of commodities runs directly counter to the operations of free world trade. And we must maintain world trade as much as we can, he explained.

Since the beginning of the year, the Soviets have been holding their exports of aluminum to below the amounts which they agreed upon last October. This agreement limits total Russian shipments to Britain to 16,500 tons yearly.

But the expected boosts in Communist output of the light metal should keep free world aluminum buyers and sellers on their toes.



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GENERAL ELECTRIC



"SOVIETS DO NOT STAY in commodity markets very long."—Henry Kearns, Asst. Secy. of Commerce.

economic in nature and an attempt to influence Southeast Asia.

"We must remember however,

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Purchasing Perspective

AUG. 3-9

(Continued from page 1)

soon will jump again—to 5 and 6%—in many instances pooh-poohed talk of “tight money.”

Sure the price is going up, they said, but there's plenty of credit for those who deserve it and “businessmen aren't complaining.”

But that doesn't mean that business men are not taking notice. The availability and cost of credit vitally concerns every major inventory decision. Longer term expansion and modernization plans are taking it on the chin even harder than short-term projects because of money prices.

Industries that require huge amounts of borrowed funds—such as public and private construction—may have to go a bit slower in the coming months.

And down in Washington the money and interest debate rivals that raised by the steel strike stalemate.

With every upward juggle in interest, the political furor over the issue of tight money is going to increase. At the moment, the battle is between the Federal Reserve and Democrats, who claim high borrowing costs hurt businessmen and consumers.

Political attacks may confuse the issue. But the economic facts seem clear. The Federal Reserve is determined to maintain a policy of credit restraint at a time when money demand is rising rapidly. As long as demand rises—as long as business is good—interest rates will keep nudging upward.

The upward push on interest stems mainly from business borrowing for inventory and equipment, U. S. treasury borrowing, expanding installment credit, and mortgage financing. Add these factors and the Fed sees one answer: credit restraint to forestall a dangerous outbreak of inflation.

Can wages be frozen? The steel industry negotiators think yes, but here's what has been happening recently elsewhere:

A three-week strike of Teamsters who drive sand, gravel, and cement-mix trucks in metropolitan New York ended last week with a 37.5¢ per hour wage boost. That means 40-hour-per-week drivers will earn \$140 plus pension and other welfare contributions totaling more than \$11.

The Bureau of Labor Statistics reports that unionized building trade workers won wage increases averaging 10¢ an hour in April, May, and June, boosting the average pay of union building trade workers to \$3.50 an hour.

New York City publishers and members of the Typographical Union last week signed a contract providing a \$7-a-week package increase spread over two years, with \$4 a week retroactive to last December.

Longshoremen and Pacific Coast maritime operators announced a three-year contract providing wage increases of up to 12½¢ an hour plus other benefits.

Atlantic and Gulf Coast ship operators will be asked to authorize a six-hour day and a 51% wage increase for members of the International Longshoremen's Association in negotiations starting next week.

Purchasers Feel Shutdown is Better Than Finding Substitutes for Steel

(Continued from page 1)

products as well as raw steel.

There's also considerable optimism that the strike will end before steel supplies run out.

Making major shifts in materials now would involve scrapping a big investment in tooling—as much as \$7-million for one washing machine manufacturer. It would be cheaper to shut the plant down.

Should steel run out, a few companies said they would switch to either imported steel or imported components.

One electronics manufacturer said, “We might go to either aluminum or copper for some components, but it would be only temporary.” A California utility reported it might shift to wooden poles if its 60-day inventory was depleted.

A maker of electric motors ex-

pects it will shift to a different type of steel if the grade it normally uses for motor shafts becomes unavailable. “We'll maintain quality,” says the P.A., “but it will cost us more.” The premium can't be passed on to the company's customers.

One buyer for a defense industry company wasn't worried about steel. “The union tells us,” he says, “it will let its workers into the mill to make the special steel we need.” But there is no fear that the supply situation will come to that.

Elsewhere, there was some evidence that steel might lose ground to concrete. The already fierce competition between structural steel and pre-stressed concrete is likely to intensify. Some designers are reported ready to switch planning for bridges from steel to concrete.

Steel Antitrust Trial Expected to Drag on for Next 2 Months

(Continued from page 1)

to their own fabricating divisions at the expense of outside fabricators' needs during periods of short supply.

Independent Iron contends that the producers' practices caused it to pay higher prices, lose jobs, and fall back on job scheduling because of the resultant difficulty in obtaining needed steel.

Early sessions of the trial, which opened in Federal District Court here July 20, were tied up in selection of a jury and produced little testimony. Counsel for Independent Iron, predicted introduction of evidence probably would continue over the next two months.

Three other antitrust damage suits against major steel producers also have been assigned to the same trial judge. These involve complaints by fabricators in Tucson, Ariz., Portland, Ore., and Montebello, Calif.

In a separate action, the San Francisco office of the Antitrust Division is presenting evidence to a federal grand jury on complaints involving alleged restraints of trade by steel firms in the reinforcing bar market.

Steel Industry Hold-the-Line Policy May Settle Strike; Aluminum Waits

(Continued from page 1)

White House as in several past post-war walkouts in which the Administration or government authorities dictated or pressured an agreement.

At least one of the other top industry producers, Inland Steel, generally backed Blough's policy declaration, but highlighted this key qualifier:

“If events dictate a change in our situation next year, we will necessarily be required to take whatever steps are then indicated—but as of now we foresee no general increase.”

Blough's statement stressed that “This hold-the-line position has a direct bearing on the demands of the union because we intend to continue to negotiate in the context of that position.”

The wage-price policy declarations came amid these additional developments in negotiations affecting basic metal industries:

● Major aluminum producers eliminated the threat of a major walkout in their industry by agreement with key unions to extend present labor contracts until 30 days after a steel strike settlement. Thus aluminum told steel: You go it alone; we'll fol-

low later.

● Federal mediation efforts to end the three-week walkout appeared to slow down at mid-week, and President Eisenhower reemphasized that he will shy away from direct intervention, except as a last resort.

● Labor Secretary Mitchell's fact-finding expedition appeared to be as far as the government intends to go in the foreseeable future—meaning the next three to six weeks. Mitchell has come up with nothing so far to indicate a need for more government action.

● The Commerce Department acted to assure defense manufacturers of top priority on steel from the 13% of the industry still operating. It notified 110 steel companies that the government may at any time order them to divert part of their output to military contractors.

In Blough's policy statement, U. S. Steel stressed its concern over the current price climate—“We believe that competitively this is no time to raise prices.”

He cited the increasing flow of foreign steel imports and added: “We know the tough competition that steel faces from other materials produced domestically.”

Referring again to prices, Blough said: “. . . except in periods of extreme demand, every company in an industry such as steel must meet the lowest price of its competitor. . . .”

Local Strike Postponed

Dallas — The United Steelworkers called off a strike scheduled at the Continental-Emsco plant July 23 after deciding to negotiate a new contract at the local level. The strike date was postponed indefinitely.

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Steel Import Brokers, Speculators Searching For Metal Buyers Caught too Short by Strike

(Continued from page 1)

have first grabs on steel still at sea . . . for a few extra dollars a ton, they'll even bring it into the port of your choice.”

The same purchasing executive said he could weather six or eight more weeks of a steel strike, but “beyond that, I'll be shopping.” But he added: “We're not going into imports, though, unless it comes right down to the choice of buying foreign steel or closing the plant.”

Efforts of import brokers to peddle extra steel supplies underscored the impact foreign steel producers have made on American markets during the past six months. And U. S. producers argue the “Buy American” preference expressed by the Georgia P.A. is weakening.

Record Volume

The American Iron & Steel Institute, using figures based on U. S. Department of Commerce statistics, reported last week that foreign producers sent a record volume of steel mill products—384,787 net tons—into the United States in May. It was the biggest monthly margin over American steel exports ever attained.

Imports, riding the swell of steel hedge buying demand have exceeded American steel mill exports for the last six months. U. S. exports declined in May to 165,856 tons, a drop of more than 12,000 tons from April at the same time imports were jumping more than 25,000 tons.

The first five months of this year saw foreign producers ship approximately 1.5 million tons to the United States—more than in any full year between 1954 and 1957. Only 1.7 million tons of foreign steel were imported in all of 1958.

And along with increased demand in the United States, Eu-

ropean producers have enjoyed simultaneously a rising demand from European markets. The combination of the two forces in Europe and the United States drove up prices of imported steel for American buyers (see p. 8).

Rising Prices

Purchasing agents have reported recently that prices on a number of European and Japanese steel products have risen \$6 to \$12 a ton over current pre-strike domestic prices. But the price increases have varied from impact area to impact area and the Commerce Department now reports that prices generally are about comparable with U. S. domestic prices.

European producers are trying to disassociate themselves from the current price increases. They contend that the price jumps occurring now are the result of import brokers and speculators in the United States trying to capitalize on possible strike shortages.

They also contend steel arriving at U. S. ports now was purchased at lower prices prevailing last winter and spring. And they point out that placing orders now for shipments is useless unless the steel required is not needed until late in the fall.

Growing Imports

Imports of foreign barbed wire, wire fence, nails, rods, and concrete reinforcement bars have grown steadily in recent years. Plate and sheets, which had accounted for less than 1% of imports, took a major spurt in the strike hedge buying period.

Belgium and Luxembourg mills are the biggest source of foreign steel in the U. S. Japan is the second biggest supplier.

The remainder comes largely from Germany, France, and Great Britain in that order.

Congress Faces Labor Showdown

(Continued from page 1)
committee after committee announced plans to tackle the subject. House and Senate members will go home without really knowing what Congress should do to combat inflation.

The outcome on labor reform legislation, likewise, is by no means certain. But developments last week indicated this congressional session could produce some sort of measure aimed at correcting abuses of power in organized labor.

The real tipoff was that both parties urgently feel the need for action. Some Democratic leaders, irked by G.O.P. sallies at their record so far, need a labor bill of some description to chalk up in the positive column of the 86th's achievements. Republicans, suspecting that they could be blamed heavily if labor reform legislation is blocked, also have begun quietly to build up more pressure.

In the field of business legislation, many bills are in the "no hope" category. These include "fair trade," the well-known S.11—the attempt to limit the "good faith" defense in Robinson-Patman Act and a proposal to prohibit favored discounts to manufacturers' own outlets.

The Democratic drive to slow down mergers could squeeze halfway through Congress on the chance the Senate will jam it through in the final adjournment rush, then lob it over to the House for 1960.

A proposal to force big companies in concentrated industries to go through a federal fact-finding routine prior to price increases is, for the time being, high on a dusty shelf. But a steel settlement adjudged to be inflationary would bring it down, dust it off, and enhance its chances for adoption.

To help the Treasury shift part of the massive national debt to a long-term basis, the Democratic Congress is expected to vote a temporary removal of the 4¼% interest rate on long-term bonds.

Most authorities agree this would provide a further upward shove on interest rates generally. This would set the stage for a 1960 political debate on tight vs. easy money.

Engineers Make Survey Of Contractors' Problems

New York—The American Institute of Chemical Engineers will survey the problems of contractors and their customers at the New York section's annual symposium Oct. 27.

A panel discussion will focus on how to choose a contractor and what to expect of him. The speakers will analyze contracts and contract "extras."

J. A. Hufnagel of the Catalytic Construction Corp. will act as moderator. Members of the panel will include: T. P. Forbath, American Cyanamid Co.; W. P. Cage, W. R. Grace & Co.; A. T. Knight, Catalytic Construction Corp.; and G. P. Forbes, Shell Chemical Corp.

Other sessions of the day-long symposium at the Hotel New Yorker will spotlight computer control and chemical separation processes.

Washington Scoreboard:

Where Proposed Laws Stand, Where They're Going

(Prepared by PURCHASING WEEK's Washington Bureau)

Legislation	Status	Outlook
U.S. BOND INTEREST CEILING	House Ways and Means Committee willing to end ceilings but wants to advise Federal Reserve on how to increase money supply. Administration opposes any interference with Federal Reserve.	Interest ceilings probably will be removed, but easy-money Democrats may insist on spanking the Federal Reserve.
OMNIBUS HOUSING	Eisenhower vetoed watered-down Democratic bill as inflationary, and Congress can't override. Democrats looking for means to push bigger urban program.	More trouble ahead as politicking steps up on this one, but Democrats will cut their goals further.
MILITARY PROCUREMENT	Senate subcommittee has heard arguments on two contrary bills. One (Saltonstall) would simplify award of negotiated contracts, the other (Keating, Javits, Williams) would throw more defense business open to competitive, advertised bidding.	No action likely this session. Congress probably will take a broad-gage look next year at munitions industry—profits, contracting methods, and military administration of production.
REVIEW OF MISSILE-AIRCRAFT BUYING	House-Senate conferees are haggling over Senate-adopted provision requiring armed service, as well as appropriations, committees to approve specific missile and aircraft procurement projects.	Uncertain. Chairman Vinson of House Armed Services Committee, a congressional power in this area, is strongly opposed to the proposal.
RETIRED MILITARY BRASS IN DEFENSE CONTRACTORS' EMPLOY	House committee (Hebert) now investigating has no legislative powers, but several bills have been drawn to put restrictions on employment.	No legislation will pass this session. Issue will come up again next year, revolving around a bill to tighten definition of present law.
FAIR TRADE	Legislation permitting manufacturers to set minimum prices is blocked in House Commerce Committee.	Dead for 1959. Chances dim in 1960.
POST OFFICE TO TAKE ON RAILWAY EXPRESS FUNCTIONS	Preliminary hearings thus far are only to determine whether Congress should consider this problem. No decision yet on whether to investigate.	No action expected this session. Future depends upon Railway Express financial success.
DUAL OCEAN SHIPPING RATES	Extensive hearings held, with both pro and con arguments about system that offers lower freight levies if shippers use conference-member vessels exclusively.	No legislative action this year, but good chance in 1960 that Congress will uphold supreme court decision that dual rates are illegal.
MINERALS POLICY	Nothing has reached floor of House or Senate, but many bills will propose new tariffs or quota curbs.	Congress won't legislate specific tariffs, but pressures may produce new measures to protect U. S. mines.
GASOLINE TAX	House Ways and Means Committee balks on plans for increased gasoline tax; Senate Finance Committee still to act, appears willing to support Eisenhower.	Fair chance for a "temporary" increase of ½ to 1¢ per gallon.
PUBLIC WORKS SPENDING	Legislation in House-Senate conference for adjustment of differences. Both bodies voted heavily for new project starts, defying administration wishes.	Eisenhower seems ready to veto this one, but he could sign reluctantly and then impound funds for unwanted new projects.
STOCKPILING	Metal-minerals bloc in Senate is pushing legislation to prevent government sales from federal stockpile without congressional authorization.	Administration is holding back on a bill to permit disposal of surplus commodities in stockpile. Look for a fight on this one next year.
FOREIGN AID	House passed \$3.1 billion in appropriations.	Senate expects to appropriate \$3.3 billion, meaning a probable compromise around \$3.2 billion.
LABOR REFORM	Senate passed mild Kennedy-Ervin bill; committee has completed work on milder version, which now awaits clearance from Rules Committee.	Labor resistance to new regulation and business demands for a real toughening of the law could bog down this issue. Chances may be improving.
"GOOD FAITH" PRICE CUTS (S. 11)	Senate committee is stalled on measure to limit a seller's right to cut prices to meet competition. No house hearings scheduled.	Little chance of any action this session.
PRICE NOTIFICATION	Senate subcommittee held hearings, but hasn't moved since on measure to require big companies in concentrated industries to go through federal fact-finding processes whenever they want price increases.	No action this session. Revival next year depends, in part, on steel strike outcome and overall inflationary pressures.
DUAL DISTRIBUTION	House hearings completed, none in sight for Senate, on bill to bar manufacturers from selling through their own retail outlets at lower prices than they charge independent retailers.	Not enough push to get anywhere this year.
PRE-MERGER NOTIFICATION	House won't hold hearings until Senate acts, and Senate judiciary is engrossed in civil rights fight.	Might squeeze through Senate this session. In any event, is given a good chance for passage in 1960.
FUNCTIONAL DISCOUNTS	House hearings have been held on proposal to require bigger manufacturer discounts for wholesalers than for large retail chains.	No chance.
STATE TAXATION	Senate Finance Committee has further hearings set for fall on bill to bar states generally from taxing income earned inside their borders by interstate companies.	Court decisions prompted this. Further cases may clarify and narrow problem, taking steam out of push for legislation.



Alton K. Marsters, Vice President—Sales and Advertising, Bausch & Lomb Optical Company

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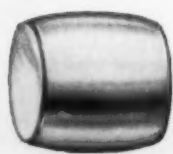
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